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Effects of New Economic Mechanism Viewed

AU0708212190 Tirana BASHKIMI in Albanian 30 Jul 90 p 2

[Mitro Cela article: "The 'Brain' of the Economic Mechanism"]

[Text] Public attention is focused on the new economic mechanism. It has been, on the whole, welcomed by workers and specialists as the foundation of economic democracy at our present stage. However, there are frequent signs of complacency. People talk about instant solutions, as if this mechanism were a magic wand. It is over-hasty to make such judgments. The economic mechanism requires work, possibly a great deal of work. It calls for initiative, possibly even a great deal of initiative. It demands more research and experimentation than ever before, because we are dealing with a new kind of economic culture.

To use a metaphor, the economic mechanism can be compared to a gigantic construction project. The plans have been completed, the foundations have been dug, the scaffolding has been erected, and you can hear the noise of construction everywhere. Anybody who looks at a construction project like the Banje hydroelectric station from the outside finds the scene incomprehensible. However, what may seem to the casual passerby as a somewhat confused sight, is highly organized and coordinated by the managing "brain" and those who carry out the project. This "managing brain" sometimes intervenes, moves workers and concentrates them in one place, adds to or takes from funds, and accelerates or slackens the pace of work. The whole project, under the direction of this "brain," marches toward completion day.

What about the new economic mechanism? Its architecture is very complicated. Its authors are anonymous and include working people and specialists, who expressed their views in debates organized by the propaganda organs, their ideas thrashed out at meetings and gatherings, and the experience gained from two or three years of experience in agriculture in some districts. But it also has some authors who are known, including economists and specialists from institutions and ministries, who drew up various studies. These studies became the starting point of the new economic mechanism, in analysis the decisions of party plenums.

In drawing up these studies, the authors worked together. They later dispersed when these studies were completed, coordinated, transformed into the economic mechanism, and given the force of law. They returned to their daily work, some in the Academy of Sciences, some in the State Planning Commissions, and others in the ministries.

Who "erects the building?" Everybody: The government, the ministries, the executive committees, the enterprises, and institutions. This is vital. The economic mechanism is an economic culture which cannot be mastered without the mass involvement of the people and their organs of power. However, without denying the great importance of this wide involvement of the people, we think that the group of experts that drew up the studies must remain together in order to follow the progress of their studies' implementation and to constitute the "brain" of the economic mechanism.

It might be said that maintaining such a group of experts merely in order to observe and monitor the economic mechanism would be a burden to the economy. What does world experience show? The United Nations has created a permanent group of experts to prevent the construction of environmentally harmful projects, and no project receiving UN funds can be built without this group's seal of approval. The enforcement of Argentina's anti-inflationary plan was entrusted to a group of experts, and no steps could be taken without consulting them. Such experts, mainly economists, are directing the plans of "the four Asian dragons" (Taiwan, South Korea, Hong Kong, and Singapore) to increase exports.

We can find similar experiences in our country as well. When industrial projects are planned, whether large ones such as hydroelectric stations or small ones such as the reconstruction of factories, engineers from the enterprise form working groups (sometimes for several years) and work in the institutes. Why then should the same practice not be followed when it comes to "observing" the new economic mechanism, which surpasses in importance and difficulty any industrial project in our country?

There are others who think that it is still too early for this "brain" to function. This idea is connected with a legal point: The mechanism will be introduced next year. This is what the People's Assembly decided. However, work on introducing the mechanism has already begun. Let us dwell on two matters.

First, the preparation of next year's draft plan. This process started in the enterprises in May and was founded on the new economic mechanism. But what emerged at the end of the first phase of preparing the plan? According to reports prepared by the State Planning Commission, some enterprises have set lower targets than in the plans of this year. However, economic indicators involve equilibrium. Those who plan lower production will have lower productivity. Equilibrium in terms of profit is then lost. Lower productivity means less profit. Consequences follow: Workers will not be sure of receiving their bonus of three months' salary.

All these things are familiar. Some cadres ascribe such shortcomings to ignorance of the new economic mechanism. This may be true. Others attribute it to poor work by the ministries, whose specialists have not stayed long enough with working people at the foundation. This is also true.

However, this kind of thinking is adapted to the old mechanism, which was based on administrative commands. The new mechanism operates on economic levers. In this sense, there is no point in the enterprise

waiting for instructions or "help" in setting higher targets, because the levers of the economic mechanism do not allow for this. What is the truth? The truth should first of all be discovered by the experts who follow the introduction of the mechanism step by step. The mechanism's "brain" can judge and decide what must be changed and what needs improvement, all according to economic logic and without allowing problems to accumulate and become intractable.

Second, several dozen enterprises will be working under the new economic mechanism on an experimental basis from 1 July this year. Figuratively speaking, they will be "laboratories" for testing the mechanism. The aim of this experimentation is not simply to shout "hallelujah" about the mechanism. The aim is to test in practice values which have been recognized in theory, to make the necessary corrections in the equilibrium between economic indicators, and to get used to the new rules of the economic "game." Economists, specialists, sociologists, and scientists have work to do in this "laboratory." Above all, the resulting data must be made available to the "brain" of the economic mechanism, the experts, giving them the right to intervene in the "cogs" of this powerful machinery.

Implementing the decisions of the 11th plenum will create new concepts of the relative independence of enterprises. The plenum stressed that the state must consider the enterprises as partners. This tie, this form of relationship, stems from the fact that the first is the owner and the second the user of the means of production. These statuses are accompanied by legally sanctioned duties and obligations. An enterprise will not have sufficient leeway to realize its own interests unless it is given the opportunity to decide prices and production schedules in partnership with its sister enterprises, and is able to operate on business lines in production and distribution, not only within the country, but in connection with its necessary imports and exports. This right of the enterprises has now been legally recognized in a range of recent decisions and directives.

However, what does operating on business lines mean? It first of all means looking at the market. Solving the question of the market means solving four elements in the game: prices, credit, import-export, and money in circulation. There are direct and indirect ties between all these things, which together make up the law of value. However, if the new economic mechanism gives the green light to the law of value, this means that many obsolete practices and forms of thinking must be corrected. Let us look at the problem of inflation.

Until yesterday, when scope for the law of value was limited and when prices were decided regardless of supply and demand, one could not talk of inflation. This was because, after all, inflation is measured by the difference in prices from one period to another. However, although inflation was denied, there was no reason to ignore inflationary phenomena such as a surplus of money in circulation, the shortage of some consumer goods, the existence of loss-making enterprises, and so forth.

However, this belongs to the past, and is, as people say, gone and forgotten. Under special decisions and decrees, some prices are now decided by a balance between supply and demand. This has given a "jolt" to fixed prices. Prices for basic items such as foodstuffs, heating fuel, and rents are excepted. As they move toward independent accounting and self-financing, not only enterprises, but workshops and departments, especially in the service sector, will have the right to decide prices themselves on the basis of the law on value in relation to supply and demand.

If the right to decide prices is sanctioned by law, according to the "game" of the market there must economically speaking be a degree of inflation. This is an objective fact and a well-known law of equilibrium. The level of this inflation and what measures are proposed to push its curve toward zero are different questions. However, amazingly, you can still find specialists who say today: "There is no room for inflation under socialism, where everything is planned!?"

Experts in the "brain" of the new economic mechanism cannot agree with this. As they recognize and calculate the rate of inflation, they also acquire the right to change the "scales" of the economic balance of indicators. They can introduce better relationships between prices, wages, the money supply, and the turnover of common consumer goods. No change in an economic indicator can be considered by itself but must be accompanied by changes in a range of other indicators. For example, a whole program of measures is necessary in order not to create conditions for a rise in inflation as a result of the recent decisions to pay workers up to 80 percent of their wages when there are interruptions in work, to raise low wages, and to introduce a graduated wage scale according to category of work. Why? Because introducing these measures, besides raising prosperity, will also have the effect of putting more money into circulation, which is a basic kind of inflationary "yeast."

How can one break out of this vicious cycle? By increasing the production of consumer goods, and ensuring more of them. (With this aim, foreign currency reserves over and above the plan were recently allotted for the import of such goods. Similarly, some of the cash collected from the peasantry was used to purchase the livestock from the small herds, etc.)

However, there are still shortages on the market. There is a demand for more furniture, but the wood-processing enterprises produce more packing cases. There is a greater need for china and glass products, and for textiles at a time when thousands of bales of cotton go to make sacks, etc. There was a special government decree in the eighties, No. 28. It has been forgotten, although it is very topical today. This decree obliged all enterprises, even engineering works, to produce consumer goods. However, even 10 years later the "brands" of common

consumer goods from the engineering enterprises have still not appeared on the market. Articles produced from industrial waste have suffered the same "fate."

It is the experts, the "brain" of the economic mechanism, who must be the first to point out such signs which add grist to the inflationary mill.

The state will consider the enterprises as partners, which is a new concept of organization and management. A new kind of enterprise will rise on the foundations of the old, which will be capable of answering to the state for its successes, but to which the state will give a red light when it incurs losses and shows lack of success. This is a new economic culture which demands a change in people's mentality, and calls for a balance to be struck between the rights and duties of the individual and the collective. The worker and the specialist must understand and be prepared for new phenomena, for pay to be tied to actual work performance, and for the bonus of three months' salary to be paid only when additional profits are made and goods are sold.

Enterprises will develop relatively independently and freely in competition with their sister enterprises and their clients. The importance of operating on business lines is obvious when one also takes into consideration the trading activities of the cooperatives and craftsmen and the village and private markets which have recently been created. The capabilities of an enterprise will no longer be judged by what happens within its four walls. It will be trade, business, and the ties of each enterprise with the international market which will achieve effective production and a higher level of mechanization and technology.

How will all these things coexist? How will a balance be struck, by administrative order or by business activity and competition on the market? These problems require long-term solutions with real authority and initiative, not mechanical regulations and routine, cosmetic measures which leave you stuck half-way there. Look what happened in Tirana. A few days ago, some new private service outlets were opened. Was this a result of business thinking and the pressure of supply and demand? On the contrary, it was merely a change of shop signs. State shops were transformed overnight into private shops. Such administrative measures do not add to the number of shops and do not expand services. What happened next? These private shops changed their signs again and reverted to their original status as state shops.

At first stance, this is economics at an amateur level. However, if one thinks more deeply, one arrives at the idea of the 11th plenum.... The administration is reluctant to adapt to a new reality and finds it hard to abandon command methods. Moreover, the enterprises are used to waiting for instructions from above.... The "brain" of the new economic mechanism is also needed so that such practices can be eliminated.

Finance Ministry Plans To Restructure Taxes

AU0808074190 Tirana ZERI I RINISE in Albanian 28 Jul 90 p 1-2

[Interview with Klearko Goro, specialist in the Incomes Directorate of the Finance Ministry, by ZERI I RINISE correspondent; place and date not given: "Should We Be Scared of the Word 'Tax?'"]

[Text] [ZERI I RINISE] When they study the documents of the 11th Albanian Workers Party Central Committee plenum with special attention, many readers ask what the changes in the fiscal system will involve, and indeed what the fiscal system is.

[Goro] The introduction of the new economic mechanism and the changes taking place in the production and circulation of goods will necessarily be accompanied by changes in the fiscal system. The fiscal system expresses the relations between the state and enterprises, agricultural cooperatives, and particular individuals in terms of their financial obligations. The way these relations are constructed and the balance between them shows the degree to which the state intervenes in the economy. Specifically, under the conditions of the new economic mechanism, the main part of this financial obligation consists of the state's centralized net income, which the enterprises and the agricultural cooperatives pay into the budget. This makes up about three-fourths of the state budget. This financial obligation arises from the joint productive labor of the workers of the enterprises and agricultural cooperatives, in other words, from productive groups. Viewed in this way, the extent of this obligation is defined by the plan in accordance with the specific conditions of the enterprise and the agricultural cooperative, leaving them maximal profitability according to the law on enterprises.

[ZERI I RINISE] What is the main change in this very important field of the state's centralized net income?

[Goro] The main change is the differentiation of the financial obligations of different enterprises, even in the same sector and producing the same products. The change is based on the real costs of the different enterprises in different districts, so that something will be absorbed from the undeserved profits of some enterprises, while enterprises with low profitability will be stimulated. The obligation of enterprises to pay 10 percent of their net income to the state is also of importance, and contrasts with the previous practice of paying 80-90 percent into the budget. Your readers will be familiar with this. This fiscal obligation, it is important to state, is taxational, and will be enforced regardless of the enterprise's concrete results, whether positive or negative. This will encourage enterprises to increase their profits.

[ZERI I RINISE] You mentioned the word "taxational," which of course derives from the word "tax." Should we be frightened of the word "tax?"

[Goro] First, I would explain that the expression "taxational obligation" of enterprises toward the state is used under conditions in which the enterprises have been given greater scope to increase their production and their net incomes to the benefit of their collectives. Because it is a fixed proportion, it does not affect any surplus above their planned incomes, but gives the enterprises an incentive to boost their incomes. Regarding the implications of your question, I would say that the reorganization of services and handicrafts and the emergence of individuals in these sectors means that these latter will form a financial relationship with the state on the basis of a compulsory duty or tax. This will be based on their earned incomes after all their expenses in the conduct of their business have been deducted. This tax will be a fixed and graduated quota according to the earned incomes of each individual. Minimal duties are anticipated, in order to encourage the growth of services to meet the people's needs.

[ZERI I RINISE] For instance?

[Goro] When an individual earns an annual income of 8,000-10,000 leks, he will pay a tax of 150 leks or 1.7 percent. Put still more simply, he will earn for himself a monthly income of 750 leks. To conclude my answer to your earlier question, the word "tax" will not affect at all ordinary citizens who carry out their productive work for the state, or any services performed to them.

[ZERI I RINISE] To conclude our conversation, what concrete steps has your ministry taken to implement the decisions of the recent plenums?

[Goro] Our ministry, in cooperation with others, has so far taken important steps in determining the financial obligations of enterprises. We have finished this voluminous task. Moreover, in implementation of the decisions of the Council of Ministers on the village market, the reorganization of services to the people, and handicrafts, we have drafted an appropriate regulation in conjunction with the Domestic Trade Ministry covering the organization of the village market and a directive on the criteria and regulations governing individuals and groups carrying out retail services and handicrafts.

Alia Greets Hungary's Goncz on Election

AU0708185990 Tirana Domestic Service in Albanian 1800 GMT 7 Aug 90

[Text] Comrade Ramiz Alia, president of the Presidium of the People's Assembly of the People's Socialist Republic of Albania, has sent the following greetings telegram to Hungarian President Arpad Goncz:

On the occasion of your election to the high post of president of the Republic of Hungary, I send you my greetings and best wishes. I hope that the friendly relations of cooperation between Albania and Hungary will further develop to the benefit of our two peoples.

Ambassadorial-Level Ties Established With Namibia

AU0608125590 Tirana ATA in English 0905 GMT 6 Aug 90

[Text] Tirana, August 6 (ATA)—Proceeding from the desire and good will to strengthen the relations of friendship between the two countries, the Government of the PSR [People's Socialist Republic] of Albania and the Government of the Republic of Namibia agreed to establish diplomatic relations at the ambassadorial level.

Sofia 'Will Suffer' From Sanctions Against Iraq

AU0708204390 Sofia Domestic Service in Bulgarian 1900 GMT 7 Aug 90

[Text] A statement by Finance Minister Belcho Belchev to REUTER has attracted attention. He stated that Bulgaria will suffer doubly from the UN sanctions against Baghdad because Iraq is one of Bulgaria's largest debtors and has to pay back long-term credits through deliveries of petroleum. According to unconfirmed reports, Iraq owes Bulgaria $1.1 billion.

Employees of the Bulgarian State Petroleum Company declined to inform the agency of the Bulgarian petroleum stocks, nor would they state how great the losses to the country will be from the crisis in the Persian Gulf.

The problem is complicated by the fact that in recent months the Soviet Union, our largest supplier of petroleum, has also reduced its exports to Bulgaria. This was told to REUTER by Vyacheslav Dimitrov, economic observer of the opposition Union of Democratic Forces.

REUTER notes the opinion of Western petroleum traders, who consider that Moscow has cut its exports because of poor organization, a fall in production, and its need for hard currency and Western aid in return for petroleum.

Lukanov Formally Submits Government Resignation

AU0708134390 Sofia BTA in English 1241 GMT 7 Aug 90

[Text] Sofia, 7 Aug (BTA)—Today Prime Minister Andrey Lukanov presented the resignation of the government to the chairman of the Grand National Assembly.

The one-party cabinet comprising members of the Bulgarian Socialist Party was formed on February 8, 1990. In the period after the elections for Grand National Assembly held on June 10 and 17 this year the cabinet played the role of a provisional government.

After listening to the report of Mr. Lukanov today, the Grand National Assembly will probably entrust him with the leadership of the same cabinet which will stay in office until a new cabinet is formed.

Addresses Assembly on Foreign Policy

AU0708155890 Sofia Domestic Service in Bulgarian 1211 GMT 7 Aug 90

["Accountability report" by Andrey Lukanov, chairman of the Council of Ministers, at 15th Session of the Seventh Grand National Assembly in Sofia—live]

[Excerpt] [passage omitted] In the sphere of foreign relations, the government's activities during the period under review were, generally speaking, devoted to the goal of opening up to the world, and obtaining recognition and support for speeding up and facilitating the democratic processes and the transition to a market economy in our country.

The democratic renewal of society in our country opened up the path of a radical change of priorities in the foreign policy field, for rejecting outdated ideological cliches, and for adjusting our priorities to the newly emerging domestic and international realities.

Bulgaria's participation in international relations was comprehensively intensified in all geographical areas. To emphasize this fact I would like to point out the establishment of diplomatic relations with the Republic of Korea, and the restoration of our diplomatic relations with Israel. These are steps of a considerable political but also economic significance.

Under all circumstances, our major efforts were devoted to intensifying our contacts with the highly developed countries, stimulating the processes of Bulgaria's integration with European structures, and joining the major worldwide trade institutions.

Along with this, we devoted considerable efforts to the preservation of traditional relations with our former partners, which played and still play an important role for our country's interests, primarily the countries of East Europe and the Soviet Union, and the same applies to our relations with the Balkan countries and those in the Middle East.

Reviewing the accomplished tasks and the goals that today and in the future will exert a prevailing influence upon the country's foreign relations, I would like to point out two very important decisions we adopted in this respect:

First, I refer to the signing of a cooperation agreement with the EC, and, generally speaking, to the drastic intensification of our relations with this powerful, integrated group, and also to our contacts with the individual EC member countries.

In view of this, our progress toward Europe became a real process. We can also rely on considerable economic, financial, and technical assistance for the democratic reforms in our country as a result of Bulgaria's integration with the so-called Group of 24, in which 12 additional, advanced countries, including the United States and Japan, are participating, along with the regular EC members.

We already mentioned the work related to Bulgaria's association with the IMF and the World Bank. These are decisions on a long-term basis. Their implementation is organically linked with, and contribute to, the expansion of democratic, political, economic, and social reforms in our country.

At this point, when we are witnessing and participating in the process of overcoming the division of the world into blocs, and in building the foundations of united Europe, we can find a lasting and promising solution for

Bulgaria's security in all its aspects—from the military-political to the humanitarian and ecological aspects—only in an all-European context. It is for this reason, precisely, that we support and are ready to contribute to the establishment of a comprehensive system of security and cooperation in Europe that will increasingly be based on disarmament, mutual confidence, political guarantees, and on common moral, cultural, and humanitarian values, as well as the mutual dependency of economic interests.

In this spirit we are actively participating in the preparation for the all-European summit meeting, which is scheduled for November 1990. We also contribute to and participate in the joint activities of the allied countries for transforming the functions and mechanisms of cooperation within the Warsaw Pact, in conformity with the new realities. We have declared our readiness, and we are already involved in consultations for establishing diplomatic relations with NATO, on the basis of the London Declaration of the NATO Council.

Bulgaria is situated in a geographical area with a stormy past, burdened by the inheritance of national and territorial conflicts, at the crossroads of various civilizations on the threshold of Europe and Asia.

Taking into consideration the influence of this fact on the country's security under the circumstances of a new international situation, our own specific national position was formed, and is actively supported at the negotiations on conventional disarmament that are under way in Vienna.

We are striving for a solution on the southern flank that will serve both the interests of Bulgaria and the other countries situated in that area.

Let us say a few words about our relations with the Balkan countries:

The path toward the future bilateral and multilateral cooperation with them can only be promoted by accepting all individual, positive aspects of the Balkan countries, cooperating with them on regionally important issues, and joining together with our neighbors in all-European activities for building a united Europe.

It is precisely for this concept, that naturally combines Bulgaria's national interests and their protection with the assertion of the principles of civilized international communications, that we subjected our recent, rather intense bilateral contacts with our neighboring countries.

As to the basic issues of our foreign policy, a wide consensus among the sociopolitical forces in our country is emerging in this respect. The advance consultations with their representatives, and their participation in forming, developing, and determining the positions on the nationality issue and the Bulgarian stand at the European human rights forum in Copenhagen, represents a positive beginning. This will hopefully be further developed, and will assert itself in building the specific mechanisms on the basis of which the Grand National Assembly is expected to exercise its competence and control functions in the sphere of foreign relations. [passage omitted]

Opposition 'Expert' Attacks Lukanov's Report

AU0708193190 Sofia BTA in English 1901 GMT 7 Aug 90

["Economic Expert of the Opposition Criticizes Lukanov's Report"—BTA headline]

[Text] Sofia, 7 Aug (BTA)—I do not accept Premier Andrey Lukanov's report, stated Ventseslav Dimitrov, a national representative of the opposition and economic expert of the Union of Democratic Forces. Lukanov's talk about a market reform has seen no realization. The crisis in the country is not a crisis of the transition from a planned economy to a market one, but a crisis that shows the collapse of a centralized economy, Mr. Dimitrov underlined in the interview he gave to a BTA reporter.

Listening to the arguments put forward by Lukanov it may seem that the transition to a market economy has already begun, but it is just not true, the opposition expert pointed out.

According to him Lukanov's Cabinet is trying to evade its responsibility for the rise in the cost of living of the last weeks. Lukanov explained it by the enterprises' absolute independence, but they are still not decentralized, no competing companies have been set up which could follow a pricing policy of their own, Mr. Dimitrov said.

He reproached Lukanov's government several times for only talking about a market economy and having done nothing to introduce it. Mr. Dimitrov predicted that if things go on like that, inflation will soar which will be "tragic for the Bulgarians." By increasing the prices the government wants to patch up the budget, he said.

With such ideas Lukanov's government (according to Mr. Dimitrov many of the present members of the cabinet will stay in office in the future government, too) cannot realize the transition to a market economy, the opposition expert stated categorically. He accuses Lukanov of misleading the Bulgarians to believe that social security can grow in parallel with the transition to a market economy.

Mr. Dimitrov is not content with the data presented in Lukanov's report: "This was not information designed for specialists," he said about the booklets which the national representatives received today.

Mr. Dimitrov underlined that none of the opposition economic experts would be part of the future cabinet, but they will constructively cooperate with it. They insist that the Parliamentary Economic Committee should work out a programme for the revival of the Bulgarian economy and its transition to a market economy, the

implementation of which would be binding for any government that may come to power.

Semerdzhiev Interviewed on Defense 'Problems'

AU0708114990 Sofia BTA in English
0827 GMT 7 Aug 90

[Text] Sofia, 7 Aug (BTA)—The president and the vice president of Bulgaria spent their first joint working day discussing problems of defense and national security, says the Vice President General Atanas Semerdzhiev in an interview for OTECHESTVEN FRONT. [name of newspaper as received; paper is now called OTECHESTVEN VESTNIK]. He explains that these problems were prioritized in the address to the nation, delivered two days ago by the head of state Dr. Zhelyu Zhelev.

General Semerdzhiev says he is pleased with his joint work with President Zhelev, and he stresses that they are both keen on pursuing the democratic processes in the country and on working to heal the rift of the Bulgarian people and to achieve a painless transition to a market economy.

The interviewee believes that the efforts to secure a minimum of subsistence is a factor which assigns priority to the task to form a government not only of national responsibility but also of universal concord. "This idea, which was largely contained in the statement of SDS [Union of Democratic Forces] spokesman Stoyan Ganev, receives wholehearted support from the different political forces," the general says, adding that no other way is open to Bulgaria.

Resigns From BSP Supreme Council

AU0708183090 Sofia Domestic Service
in Bulgarian 1730 GMT 7 Aug 90

[Text] The Presidium of the Supreme Council of the Bulgarian Socialist Party [BSP] has received a request from General Atanas Semerdzhiev to be relieved of his membership in the BSP Supreme Council. The request came in the wake of his election as vice president of the republic. His application to resign is prompted by the provisions of Article 95, Paragraph 2, of the Constitution, under which the vice president of the republic may not carry out other leading political functions or be a member of the leadership of a party.

The Presidium of the BSP Supreme Council will submit General Semerdzhiev's request to the first plenary session of the BSP Supreme Council for discussion and adoption of a decision.

'Alarming Decline' in BSP Membership in Cities

AU0708121290 Sofia BTA in English
0930 GMT 8 Aug 90

[Text] Sofia, 7 Aug (BTA)—By July 1, 1990, the Bulgarian Socialist Party (BSP) had a membership of 861,803. A total of 122,096 members have left the party since the beginning of the year. Mr. Rumen Serbezov, secretary of the BSP Supreme Council, says that there is an alarming decline in membership in the cities of Sofia, Varna, Plovdiv, Ruse, Tolbukhin, etc.

Interviewed for the DUMA newspaper, Mr. Rumen Serbezov explains the outflow by the termination of party work at the workplaces and at the educational establishments, by the social situation, by the opposition attacks on the Socialists and by the new place of the BSP in government.

Some of the BSP members have defected to other political formations, others hastened to change their views and joined the Union of Democratic Forces, and part of the people found disturbing the presence of factions and of ideological tendencies within the Socialist Party, says the secretary of the BSP Supreme Council.

The interviewee assumes that most of the Socialists who have cancelled their membership belonged to workplace branches in major industrial, transport, construction and other businesses, in health-care establishments and non-partisan departments.

Mr. Rumen Serbezov says that 44,180 new members have joined the BSP since the beginning of the year.

SDS Leader Beron Rejects Coalition With BSP

AU0708115390 Sofia BTA in English
0825 GMT 7 Aug 90

[Text] Sofia, 7 Aug (BTA)—The opposition in Bulgaria will not split, asserts the leader of the Union of Democratic Forces (SDS) Mr. Petur Beron. Interviewed for OTECHESTVEN VESTNIK, the chairman of the SDS Coordinating Council says that there are no centrifugal forces in the opposition because outside the union each party is weak.

Mr. Petur Beron believes that the opposition would be effaced if it openly joins a coalition government and "the BSP [Bulgarian Socialist Party] seeks precisely that," as he claims. "At the state level we will manage with a government of competent personalities or experts," he adds.

The SDS leader believes that things are more intricate at the local level where structures upholding totalitarian thinking have to be replaced.

At the local elections in the autumn, the local branches will bear the brunt, the interviewee says. He says that there is an idea that after the mayors' terms of office expire in August, they should be replaced by appointed bodies to serve until the elections.

Zhelev 'Probably' To Visit Moscow 'in a Few Days'

AU0708202290 Sofia BTA in English
1948 GMT 7 Aug 90

[Text] Sofia, 7 Aug (BTA)—The newly elected president of Bulgaria, Dr. Zhelyu Zhelev, will probably visit Moscow in a few days.

This was hinted this evening in a television interview given by the Soviet ambassador to Bulgaria, Mr. Viktor Sharapov.

Without mentioning any concrete details, the ambassador stated that "these days summit talks will be held in Moscow to discuss the future of Bulgaro-Soviet cooperation."

Ambassador Sharapov welcomed the declaration President Zhelev made last Sunday [5 August] in which he said that the two countries' relations should be relieved from everything that hindered them and that new possibilities for cooperation should be sought.

The Soviet Union is Bulgaria's leading economic partner, but in the last months the import of some basic raw materials, such as oil, fuel, metals and cotton, from the USSR which are of vital importance for the existence of the Bulgarian economy has been decreased. Today Prime Minister Andrey Lukanov announced in the Grand National Assembly that the 1990 contracts under which Bulgaria is expected to export to the Soviet Union goods amounting to almost 700 million roubles have not been signed yet. The Bulgarian exports in the first months of the year have dropped by about 900 million roubles.

* Legal Aspects of President's Resignation

90BA0235A Sofia DUMA in Bulgarian
16 Jul 90 p 5

[Velko Vulkanov article: "Immediate Legal Problems Following the President's Resignation"]

[Text] The president's resignation surprised all of us. It surprised, first of all, the high political leadership of the country. Obviously, it had not assumed that such a crisis could develop so soon, for otherwise it would have concerned itself at least with electing a vice president who would assume the presidential functions. Furthermore, the election of a vice president presents a particular special juridical difficulty because his appointment requires a simple majority of attending people's representatives.

To a certain extent the resignation surprised us jurists, as well. On the evening of 6 July, when it was reported that P. Mladenov had resigned, a journalist from DUMA called me at home, asking me to comment immediately on the event. In the few minutes at my disposal I presented my initial views. At that time, however, I was unable to assume a sufficiently clear attitude on the question of whether the resignation of the president automatically triggered some action—that is, whether immediately, without waiting for a proper law to be passed by the Grand National Assembly, it would lead to the premature termination of the plenary powers of the president.

Meanwhile, the mass information media and the representatives of the different political forces undertook to answer this question. They supported the view that the resignation automatically terminates the powers of the president as of the day it was submitted. On this basis we must assume that, since 6 July 1990, our country has been without a head of state.

This concept could stand scrutiny. Nonetheless, I fear that it does not take into consideration all circumstances.

Article 97 of the Constitution implies that a precipitate termination of presidential prerogatives is possible in the following three cases:

a. If the president has violated the Constitution or his oath of office.

b. If he expresses his "wish" to resign.

c. If he dies.

A worrisome feature of Article 97, however, is that it does not provide the necessary complete procedure to be observed in the case of these three hypotheses. It describes the material-legal grounds for the premature termination of the presidential rights but the proper procedures do not cover "all cases." Thus, Article 97, paragraph 1, specifically stipulates the procedure for terminating the plenary powers of the president should he violate the Constitution or his oath of office. The termination takes place, the text stipulates, on the basis of a motion supported by one-third of the people's representatives, whereas the decision is passed by secret vote and by a two-thirds majority vote of all people's representatives. However, the Constitution says nothing about whether any procedure must be followed in connection with the termination of the plenary powers of the president on the basis of his "wish." In particular, should the Grand National Assembly "accept" the resignation before the plenary powers can be considered terminated? The legal gap here is obvious. Clearly, the roundtable "legislators" were more in a hurry to reach a "consensus" than to discuss the possible situations that would arise in an eventual constitutional-legal insufficiency.

Given this clearly unfortunate silence of the Constitution, we should seek the type of solution to the problem that would be consistent with governmental-legal logic and the interests not of individual parties but of the state.

What would it mean to accept that the resignation of the president would automatically leave the country without high state leadership? It would mean to block the activities of the main units within the state governmental system, for they receive their initial impetus precisely from presidential acts. Could we, for example, elect a Council of Ministers chairman after, according to Article 92, item 3, of the Constitution, it is precisely the president who "submits a motion to the National Assembly on the appointment of a chairman of the Council of Ministers"? Who will then make public the laws passed meanwhile by the Grand National Assembly if it is precisely the president who is in charge of making them public (Article 94, point 8)? We could not even elect a vice president because it is again the president who must nominate him (Article 94, paragraph 1). The list of such questions could be extended, for the powers of the president are numerous and important.

Consequently, the view that the resignation of the president automatically ends his plenary powers on the day of its submission is not consistent with the legal situation that would appear if such a resignation were to be accepted.

In looking for the best possible solution we must interpret not only the corresponding constitutional texts but also the president's message with which he submitted his resignation. This kind of message is not an ordinary act by an ordinary citizen. In itself it is an emphatically governmental-legal act. In itself it creates a government-legal practice that cannot be ignored.

In his message the president does not state that he is resigning as of any specific day. The corresponding part of the statement reads as follows: "For that reason I request the Grand National Assembly to accept my resignation as chairman (president) of the Republic." Our understanding is that, actually, the president lets the problem of his resignation be decided by the Grand National Assembly itself, which, in the final analysis, should decide. In any case, he unquestionably expects the Grand National Assembly to issue a special act on his request. The Grand National Assembly could not (should not) ignore the expectation of the head of state, for this would be a sign of disrespect for this institution.

Let me point out that the question of the presidential resignation is, to a certain extent, similar to that of the resignation of a people's representative. Both the Law on the Election of the Grand National Assembly and the Law on People's Representatives and People's Councilors stipulates the possibility of a premature termination of the plenary powers of the people's representative, should he submit his resignation (voluntarily). Could the National Assembly refuse to accept the resignation of a people's representative? In my book "Pravnoto Polozhenie na Narodniya Predstavitel" [The Legal Status of the People's Representative] (1976), I held the view that the National Assembly is bound to honor a resignation request. Nonetheless, I specifically emphasize that, in discussing a request for resignation, the National Assembly evaluates not the expediency of the request submitted by the people's representative to be relieved of his functions but whether his desire, as expressed in his request, is consistent with his true desire or, in other words, whether "this request is not dictated by any coercion or threat addressed at the deputy or the lack of conditions for the exercise of his functions" (p. 115). If a president submits his resignation, should it be any less necessary to evaluate whether and to what extent his request to be relieved of his functions as president coincide with his actual desire?

In drawing the analogy between the resignation of the president and that of a people's representative, let me particularly emphasize that the resignation of a people's representative has never automatically resulted in a termination of his plenary powers. A special act passed by the National Assembly has always been necessary to this effect. This makes all the more necessary the passing of a special act by the National Assembly in the matter of the premature termination of the plenary powers of the president for reasons of resignation. From the state-legal viewpoint, the importance of a president is incomparably greater than that of an individual people's representative. The state mechanism can work without any given people's representative; without a president, however, as I pointed out, in a number of cases this is simply impossible.

We must become aware of the entire complexity of the situation and not try to resolve it with arguments drawn from our own theoretical helplessness. Furthermore, we are facing a situation that most urgently demands not political bias but statesmanlike wisdom.

Guided by these considerations, allow me to express my view: It would be the right thing for the Grand National Assembly to consider the resignation of the president and pass a special act on the subject. My recommendation is not aimed in the least at saving Petur Mladenov (no juridical structures could reverse a political decision that has already been made). Its only purpose is to ensure the functioning of the highest state leadership until a new president can be elected. This would be possible only if we accept the view that, until the resignation of the president has been accepted by the Grand National Assembly, he remains president.

Stracar Talks With GDR's Pohl End in Failure

LD0708182590 Prague Domestic Service in Czech 1630 GMT 7 Aug 90

[Report on interview with Foreign Trade Minister Slavomir Stracar by correspondent Barbora Tacheci in Prague on 7 August; Stracar speaks in Slovak]

[Text] Talks between Czechoslovak Foreign Trade Minister Slavomir Stracar and GDR Economic Affairs Minister Gerhard Pohl ended in failure in Prague today. Here is Barbora Tacheci's interview with Minister Slavomir Stracar:

[Begin recording] [Tacheci] Mr. Minister, the latest talks, this time on the ministerial level, ended essentially in failure. Thus, according to gloomy forecasts, the planned deficit in our mutual foreign trade could amount to approximately 700 million convertible rubles [R] by the end of the year. The question is simple: What will happen next?

[Stracar] We were trying to submit to our East German partners a solution which would make it possible to improve conditions for marketing our goods on the GDR market. We also want our East German partners to observe the agreed and signed contracts between Czechoslovak trade organizations and the GDR. We also proposed to switch to freely convertible currencies in mutual trade beginning 1 September. Unfortunately, we have not received a positive response from Mr. Minister Pohl and his entourage to any question or proposal of ours.

[Tacheci] So the gloomy forecast of a R700-million deficit in mutual trade with the GDR could become a reality. This would mean that after 1 January next year we would have to pay this deficit in hard currency. Is this true?

[Stracar] I think that our East German partners' premise is that this debit, which will develop, will be converted through a certain coefficient, while they, of course, do not believe that we shall agree with the ratio of R 1 to Deutsche mark 2.34. But, in any case, they assume that this will be converted to West Deutsche marks and that we shall pay for this either in free currency or perhaps—I am not sure—by raw materials or by other means, but not by the means for which this year's contracts were agreed and signed.

[Tacheci] The main problem of the current trade war, as one could call it, is the fact that the GDR basically refuses to accept contracted goods from Czechoslovakia. In this connection I would like to ask whether we are considering a radical reduction of our imports from the GDR.

[Stracar] Regarding this possibility, I said openly to my partner Minister Pohl that we are forced to take the same measures as those taken by GDR enterprises; that is, that the Czechoslovak side will not accept contracted goods and deliveries. I will be giving a recommendation on Friday to our foreign trade enterprises and production enterprises that they should not accept goods on order or contracted from the GDR. I cannot of course make the decision for these enterprises because, after all, today we have freedom of enterprises, but I will make a proposal to the government that it should stop imports of selected goods, items, and equipment from the GDR so that the anticipated shortfall of convertible R700-800 million does not occur at the end of the year.

[Tacheci] Mr. Minister, the things you have discussed are in fact a classical example of breaking intergovernmental agreements and signed contracts—this time on the part of the GDR. Moreover, it is an example of discrimination against Czechoslovak exports. I would like to know what sanctions will be taken against the East German side for such behavior.

[Stracar] Current agreements were signed within the framework of valid conditions for deliveries of goods and equipment in the CEMA countries. This means that we will make an immediate recommendation to enterprises that they adopt sanctions toward enterprises that do not accept contracted goods, which means at the level of eight percent. We will also recommend that those GDR enterprises which ordered the goods pay our enterprises or production enterprises for the goods or that they ask for damages.

[Tacheci] Mr. Minister, there is no doubt that the breaking of contracts and agreements on the part of the GDR is caused above all by union with the FRG. Do you know whether the GDR is not fulfilling its obligations and agreements with other CEMA countries as well as with Czechoslovakia?

[Stracar] We know that other CEMA countries have similar problems.

[Tacheci] In connection with the GDR-FRG union, I would like to know whether our government has also had talks with the FRG Government.

[Stracar] So far we have not had official talks, but after these unsuccessful talks, we expect that it will be necessary to begin talks on a tripartite level, between the FRG, GDR, and the CSFR.

[Tacheci] When?

[Stracar] We propose that the first talks be held toward the end of this month. [end recording]

Pohl Refuses To Attend Press Briefing

LD0708193990 Prague Television Service in Slovak 1730 GMT 7 Aug 90

[Text] We have been speaking for several weeks now about tense trade relations in the entire economic sphere between the CSFR and the GDR. We have therefore awaited the visit of GDR Foreign Trade Minister Gerhard Pohl with special interest.

The GDR has been for years one of the CSFR's most important trade partners. The trade turnover, equivalent to over 3 billion rubles, was second only to our trade turnover with the USSR. The unification of Germany has, however, created chaos in our mutual relations. The GDR and its enterprises have been failing to fulfill their contractual pledges; the losses of Czechoslovak economic organizations can be expressed in 10-digit figures, and the CSFR's balance of payments is threatened with a deficit of approximately 700 million rubles.

The talks between the ministers of foreign trade of Czechoslovakia and the GDR should have ended with a joint news conference. Gerhard Pohl, however, refused to take part and quickly left Prague with his delegation.

[Begin (?Foreign Trade Minister Stracar) recording, in Slovak] From our viewpoint, we see the GDR policy as discriminatory, because in the domestic market it regards one ruble as equivalent to 2.34 Deutsche marks since the conclusion of the union. This has made all our exports to the GDR more expensive. We see this as a violation of an agreement, because within the framework of the valid agreement for this year, one ruble is equivalent to 1.1 Deutsche marks. We support the unification of Germany, but this does not mean that we should suffer economic loss as a consequence. [end recording]

It seems that the current situation does not enable the GDR to continue in the talks without its partners from the FRG. The ministers have only agreed on matters of secondary importance.

Stracar on GDR Trade Problems

LD0708212990 Prague Television Service in Czech 2000 GMT 7 Aug 90

[Excerpts] We are beginning today's half-hour news bulletin at the Federal Ministry of Foreign Trade, where, just a few minutes ago, a news conference ended. It had been given by [CSFR Foreign Trade Minister] Slavomir Stracar shortly after his talks with his East German counterpart. Perhaps we should begin by telling you that the minister described the further steps to be taken by Czechoslovakia toward the GDR in terms of a trade war. [passage omitted]

[Begin recording] [Stracar, in Slovak] We asked only one thing: that the German side observe, first, the valid agreements that have been agreed upon between the governments. Second, that it observe the signed contracts, for it is impossible to justify breaking signed contracts simply because one side entered into a union or switched to a market economy. [passage omitted]

The policy of the current—let us call it—management of GDR trade is aimed at achieving the minimal deficit trade balance with Czechoslovakia, and it is aimed at transferring this deficit balance in January to freely convertible currency; by this means, the GDR will contribute its share toward a new Germany at Czechoslovakia's expense.

I told Minister Pohl very frankly that the Czechoslovak side cannot continue to accept this kind of trade. That is why I think it is better not to make any agreement than to make a bad agreement. [passage omitted]

[Unidentified reporter] A colleague from GDR television managed to ask Mr. Pohl a few questions. In fact he got an answer to only one question, and that was rather a stern answer. The question was what development of mutual trade he expects, and Minister Pohl answered that although there is a need to improve trade exchange between the two countries, there were already problems about this before the talks, and some more problems emerged during the talks today. Our ideas about import and export and the ideas of our Czechoslovak partners differ, and we did not reach a consensus, said Minister Pohl. Today's complex talks instead led to other, different views, continued the East German minister, without going into specifics.

[Stracar] That is why we put forward a reciprocal proposal that as of Friday, I believe beginning 0900 on Thursday, the rate will be increased to one ruble to 20 crowns for exports and goods from the GDR, to make exports from the GDR to Czechoslovakia unfavorable. Moreover, we, the Ministry of Foreign Trade, are recommending to our enterprises, effective immediately, that they cancel contracts that affect goods imported into Czechoslovakia from the GDR, because it is impossible to solve social problems in the GDR and bear the expense of exports from the GDR and worsen these problems in our country in this way. This concerns railway cars, combine harvesters, and so on.

[Reporter] Mr. Minister, you say that this is a way in which the East German Government wants to bring with it some sort of dowry into the future united...

[Stracar, interrupting] Look, this is my personal view, not the view of the government; it is my personal view, but yes, [it is] a dowry.

[Reporter] ...a dowry for the future united German state. Do you not think that it is, however, a somewhat short-sighted policy with regard to the fact that the united Germany will wish to have good partners in the East European states and that it can lose them this way?

[Stracar] I fully agree with your point of view, and I have nothing to add. I said the same thing to Mr. Minister Pohl. I hope that as my experience would suggest, the West German Government will approach these problems in a much wiser way.

[Reporter] Mr. Minister, there is discrimination against Czechoslovak goods; international agreements are being violated. Is there something in the international legal system that the Czechoslovak Government can use to act now?

[Stracar] The government—and I can reply categorically... [changes thought] There are, there were agreements that were always valid, which took place in

CEMA, on exchange, about the ammount of exchange, and specific contracts were being entered into by entrepreneurs. So the GDR has canceled, or intends to cancel, contracts signed to the value of 230 million convertible rubles, and we consider this a violation of the agreement. Unfortunately, generally valid conditions for the delivery of goods within the framework of the CEMA will be valid. It is conceived according to this, so there is the eight percent clause there, and we will recommend that enterprises sue for damages; we will also recommend that enterprises bill the GDR for goods produced according to contract. [passage omitted] [end recording]

Nuclear Energy Policy Discussed in Venice

AU0708103690 Prague HOSPODARSKE NOVINY in Czech 3 Aug 90 p 2

[Jaroslava Markova article: "Nuclear Energy Policy Discussed in Venice"]

[Text] The doubts expressed by our Austrian neighbors about the safety of the Jaslovske Bohunice nuclear power plant have been filling the pages of newspapers for several weeks. Our papers and the "Viennese" dailies are not the only ones interested in this issue. Therefore, the statement made by Austrian Chancellor Franz Vranitzky at a news conference held in Venice on Wednesday [1 August] at the end of the Pentagonal Group meeting was not very surprising to journalists. He emphasized that his country is the only one of the "five" states which does not utilize nuclear energy. Therefore, the Austrian side is conducting an intensive dialogue to ensure that, in places where there is a certain degree of uncertainty, electricity ceases to be produced in nuclear power stations.

Nevertheless, not even this—shall we say tactfully veiled statement—left any of those present in any doubt about whom he had in mind. Later he announced at the recently concluded meeting of the heads of government, the proposal that the Pentagonal Group should make the abrogation of nuclear energy policy its long-term aim. He recommended the establishment of a subgroup with the working name "Energy and the Environment." He added that he realizes the majority of partner states cannot change their method of producing energy from year to year, and that many of them produce electricity with other resources harmful to the environment; therefore, a proposal was made which, so far, has not been discussed.

As Czechoslovak Premier Marian Calfa said in an improvised interview with journalists, the problem surrounding nuclear power plants also took up three- quarters of his bilateral talks with the Austrian chancellor. M. Calfa told F. Vranitzky that the Czechoslovak Government, first and foremost, does not understand the Austrian approach because it underestimates our leading representatives. If the Czechoslovak Government came to the conclusion that the operation of any nuclear power plant—or of any of its blocks—would threaten human lives, then it has enough common sense and responsibility toward its own people to immediately suspend operations. To date, it does not feel this way. According to M. Calfa, the Austrian chancellor accepted this approach. He was interested in the status of Austrian experts in the inquiry into safety at Jaslovske Bohunice, and both partners agreed that they will have equal status with the experts from other countries. Talks will be held about the controversial points of view. "If the independent expert analyses recommend that production be halted at the plant or in one of the blocks, then we will halt production," said M. Calfa.

Although F. Vranitzky's proposal to abrogate producing nuclear energy in the future seemed to be a rather demonstrative gesture and evoked in me the importunate feeling that this was tactically and psychologically well chosen preelection propaganda, I asked M. Calfa what this utopian idea means for us.

"Unlike Mr. Vranitzky, I do not have such an imagination or enough knowledge to be able to declare that future electricity production does not depend on the atom," said M. Calfa. He continued: "Perhaps this will involve a completely new form of technology. I would leave it up to the experts. As our knowledge develops, it will—obviously—be adapted to the technology for electricity production as it has been in every other branch of industry. Unfortunately, in my opinion the Austrian side in particular is not only causing technological problems in the nuclear power issue, but it is also causing moral, ethical, psychological, and perhaps political problems. As soon as we start combining all these elements with technology, we can exchange views, but we do not have to agree. I would leave it to the objective criteria which technologists, in particular, can give us.

The nuclear safety issue was also the subject of other discussions involving our delegation in Venice. M. Calfa held talks with Italian industrialists, who were intensely interested in the reconstruction of the Czechoslovak enterprises manufacturing equipment for nuclear power plants and in participating in their reconstruction using safe Italian and French technology. He appealed to the Italian industrialists to turn directly to our national governments. N. Peedeschi, director general of the IRI [Institute for Industrial Reconstruction] state holding company, showed a keen interest in cooperating with us in the sphere of nuclear power plant safety, particularly in the introduction of a quality control system.

Energy policy and its raw material provision was one of the most frequently discussed issues within the joint meeting involving the heads of government. In his speech, M. Calfa highlighted the fact that the problems of diversification in natural gas and oil supplies are not a phenomenon exclusive to us, but that they concern practically all the Pentagonal countries. Therefore, he proposed that the participating countries adopt an accelerated course of action toward studying the possibilities for diversification in gas and oil supplies, diversification which would limit our vulnerability.

A Czechoslovak proposal to establish a new working group oriented toward issues associated with the transportation of energy industry raw materials and their rational utilization was approved within the framework of the Pentagonal meeting. Czechoslovakia will become this group's coordinator. We will try to ensure that this group involves itself with the speedy drafting of a strategy for reducing one-sided dependence on supplies of natural gas and oil from one source.

Our premier's other talks in this regard are not without interest. These talks were held with representatives from the ENI [National Hydrocarbons Authority] company which is involved in the transportation of Algerian oil and gas. The Italian company also displayed an interest in conveying these raw materials across its territory to our country. This month, a joint group of experts is supposed to discuss the technical conditions connected with this project. According to Zbynek Fiala, the government's press spokesman, an idea was also discussed during the talks that, if the ENI company displayed an interest in establishing a network of AGIP [Italian National Oil Company] gasoline pumps in our country, the Czechoslovak side would decisively support the endeavor.

The results of the Venice talks have generally been considered positive. One can only hope that the "energy policy" intentions in which our countries are eminently interested do not just remain a hope. As Claudio Martelli, Italian deputy prime minister, said at a news conference: "We must hope that at next year's Pentagonal Group meeting in Dubrovnik not only the ideas about which we are so enthusiastic today, but also their specific results, will be discussed."

Calfa on Transportation Link With Austria

AU0708170290 Bratislava NARODNA OBRODA in Slovak 3 Aug 90 pp 1, 2

[Report on interview with Premier Marian Calfa by Branislav Janik at Ruzyne Airport in Prague on 1 August: "Linking Our Transportation System With Austria]

[Excerpts] Prague—A few minutes after 2100 on Wednesday [1 August] evening, CSFR Premier Marian Calfa disembarked from a government TU-154 in Prague. We asked the premier for an interview. [passage omitted]

[Janik] Is the opinion that Italy will play the key role in the Pentagonal Group justified?

[Calfa] I would not formulate it in such an unequivocal manner. The group is an extraordinarily free association, which is not at all formalized and has no firm structure. Ideas about Italy's leading role have been expressed, but it is natural that the economically strongest country is always a little ahead of the others. The Italian economy is very dynamic and contains a number of elements useful to us; therefore, it is logical that it is also attractive to us.

[Janik] In Venice, working groups were set up to deal with the individual spheres of cooperation. The CSFR is the coordinator in cultural cooperation. Were the groups also entrusted with work in specific projects?

[Calfa] We have to start by saying that many bilateral projects already exist between these states. The group of four was established at the end of last year, and we joined it in May. We are now asserting Czechoslovak points of view, opinions, and interests in the intended projects. We envisage that the working groups will meet as soon as possible, present their projects, and coordinate them. For example, we are interested in linking our transportation network with Austria, and we will seek an opportunity for achieving this as soon as possible in the working group. [passage omitted]

CSFR Journal Urges Improved Ties With Poland

LD0708182990 Warsaw PAP in English 1630 GMT 7 Aug 90

[Text] Prague, Aug 7—The "PRZITOMNOST" periodical issued by the Czechoslovak Academy of Sciences has joined the quality Czech press in its recent frequent sharp criticism of the federal government for the complete lack of activities aimed to improve relations with Poland.

In an article headlined "our northern neighbour" adviser to Czech Premier Petr Pithart (the latter is chairman of the editorial board) and renowned historian Jaroslav Valenta wrote that Poland was systematically assessed in Czechoslovakia according to one, erroneous and primitive scheme as a country with a ruined economy.

This is a primitive approach, and, what is more, an untrue one. Though the scale and methods of private trade (on which all reports from Poland focus) may really shock, it is not representative for all private businesses, the phenomenon to be learnt by Czechoslovaks sooner or later, Valenta stated.

Both countries liquidated their totalitarian systems. However, it is worth mentioning that in Poland not even one communist took a seat in the Senate while in the Czechoslovak parliament there are as many as 13.6 percent of them, "PRZITOMNOST" said.

Soviet Soldier Seeking Asylum Extradited

AU0708115990

[Editorial Report] Prague ZEMEDELSKE NOVINY in Czech on 2 August on pages 1 and 3, under the headline "Not Intended for Public Knowledge," publishes a 1,400-word article by correspondent Jan Subert about a Soviet soldier who asked for a political asylum at Prague Castle on 17 April, and was handed over to the Soviet authorities.

The young soldier, according to the article, was Aleksandr Vitalyevich Maslyantsev of Kramtorsk, Dvortsova 46 in Donetsk Oblast, born on 22 January 1971, who served in the Unit No. 41541 of the Central Group of the Soviet Forces in the CSFR and carried the Soldier's Identification Book UN 00 42391. The author describes how he was present at the Chancellery of the President when Maslyantsev sought asylum there, and how very uneasy it made all the office staff. They decided, he writes, that the Public Security office would hide him for the time being. "The main thing is that the Soviet Command does not learn of the incident." Maslyantsev was worried about the police, but calmed down when it was explained to him that this was a normal proceeding. Subert continues by recalling his shock when he read in the No. 20 of the Austrian weekly RESPEKT that the soldier was handed over to the representatives of the Central Group of the Soviet Forces in the CSFR on 19 April.

Subert then decided to investigate how something like that could have happened in Czechoslovakia after 17 November. He describes the three documents he managed to obtain. The first one, dated 17 April, reports the soldier's arrival at the Public Security office on Vlasska Street, his official application for asylum, his night in the detention cell, and his planned transfer to the Passport and Foreign Nationals Office. The second document contains a transcript of a telephone call in which an employee of the above office briefs the Public Security office on dealing with the representatives of the Soviet Army and the embassy. Maslyantsev has never been transferred to this office for a decision was made to hand him over to the Soviet Army. The last report reads: "Herewith, I am delivering a citizen of the USSR, who asked our authorities for political asylum." According to the testimony of an eyewitness interviewed by Subert, the Soviets in civilian clothes arrived at the Public Security office in Vlasska Street, picked up Maslyantsev directly from his cell, and left immediately thereafter.

Subert wonders who made the decision to hand over the soldier to the Soviets. None of the officials contacted by Subert knows the answer, and all deny to have contributed to the decision. Apparently, according to the article, the entire incident was dealt with by Public Security, which applied the old regulations for dealing with detained foreign soldiers.

Subert doubts, however, that the decision was made by Public Security. One reason for his doubts is that RESPEKT mentioned that the Czechoslovak Army brass commented on Maslyantsev's application for asylum "and even they pleaded for him not to be handed over."

The article concludes with an observation that the official approach has changed. The Albanian refugees were brought to the CSFR, Kurds were offered asylum, and a draft law on granting political asylum is being prepared. Maslyantsev came only a couple of weeks too early. Subert insists, however, that because the soldier sought asylum at the Chancellery, it is a moral duty of the Chancellery and of the Czechoslovak diplomacy to at least ask about Maslyantsev's further fate. At the same time, Subert promises that his editorial office will attempt to learn what happened to the young soldier.

Commentary Criticizes Prague Centralism

AU0808074390 Bratislava NARODNA OBRODA in Slovak 3 Aug 90 p 3

[Igor Cibula commentary: "Who Is the President Supposed To Help?]

[Text] A difficult task awaits President Vaclav Havel upon his return from vacation. Certain Prague political circles think that he should be a kind of arbiter between the federal government and the Slovak Republic Government in the dispute about which branches of the national economy should remain under the jurisdiction of the federal administration and which ones should be within the exclusive purview of the national government. Premier Marian Calfa is not terribly inclined toward the idea that the government in Bratislava should have sovereign control over the Slovak economy and should make decisions on all the important issues concerning its further development.

It seems to Prague politicians that the Slovak Government is making concessions to Slovak nationalists by demanding that it be allowed to bear complete responsibility for economic and social development in its national republic. In this connection, they mention the growing influence of the Slovak National Party to the detriment of the Public Against Violence civic movement. They are also alarmed by the demands being made by other political parties, in particular, by the movement for a confederative arrangement of constitutional relations between Czechs and Slovaks. Dissatisfaction with this development has inspired the statements being made within Civic Forum circles that the Slovak Government lacks self-confidence in confronting the nationalists' extreme points of view and demands.

The nervousness in Prague's political circles caused by the current situation is—to a certain extent—understandable, but the sincere supporters of Czecho-Slovak mutuality in Slovakia are also alarmed by the insurmountable paternalism ingrained in the Czech political consciousness. It is as if Calfa's ministers with responsibility for the economic departments do not know how to tear themselves away from the outdated historical model of Czecho-Slovak relations, a model which has not proven its efficiency—it has even led to the extinction of the joint Czech and Slovak state. In their ideas about radical economic reform, they would rather grasp at foreign examples; however, they employ a selective method; that is, they select only those examples which are convenient to their centralist ideas. In this context, it will do no harm to remind ourselves that institutional changes as such are not vital for the integration processes in the economy, but the market mechanism—which functions independently of the arrangement in the administrative institutions—is vital.

I do not consider the attempt being made to drag President Vaclav Havel into the jurisdiction dispute between the federal government and the Slovak state representation to be very wise. It could seem to some people that this is an endeavor to support the quest for federal centralism using his political authority. The idea may also occur to the ordinary citizen about whether or not Havel indeed has the prime patent on common sense!

Vacek Responds to Criticism of Army

AU0708124290 Prague ZEMEDELSKE NOVINY in Czech 1 Aug 90 pp 1, 3

[First installment of three-part interview with Defense Minister Miroslav Vacek by Jan Subert; place and date not given: "The Interrogation of the Defense Minister"; first two paragraphs are ZEMEDELSKE NOVINY introduction]

[Text] Are there such people in the Army who, after 17 November, would be inclined to adopt the Chinese solution? The Civic Forum Coordinating Center points out that, apart from partial modifications, the Army has not made any significant personnel and structural changes. It is being said that the screening process does not take into account the commanders' loyalty to the public, voices are being heard saying that hundreds of prospective officers who do not want to serve under the compromised normalization guard [allusion to the post-1968 era] are leaving the Army.

In addition, the defense minister is the object of attacks. It is just this criticism with which we began our three-part interview with Army General Engineer Miroslav Vacek.

[Subert] Your opponents reproach the president for not having found, among 7,000 officers removed from the Army during the normalization screening, a single suitable candidate for the post of defense minister. Other voices complain that the Army has been modernized and its weapons replaced in the past 20 years, that the command needs a new strategy, and that people who have been outside the Armed Forces since 1970 are not capable of fulfilling this position. What is your opinion on this, Mr. Minister?

[Vacek] I cannot speak for the president. It is true, however, that the Army underwent significant changes during the past twenty years. If someone did not participate in implementing these changes, he would have to exert significant efforts to regain orientation.

[Subert] Have you done anything to encourage your appointment?

[Vacek] Nothing at all. I have never sought a ministerial position. The president and the premier expressed their desire that I enter the government and, after a giving it some thought, I felt obliged to comply.

[Subert] Can you tell us what led you to comply?

[Vacek] First, it was the knowledge that the president as well as the premier will listen to the explanation of the problems connected with the Army and that they may change their opinion on it.

[Subert] People who have known you for a long time jointly confirm that you did not engage in politics in the past and that, above all, you worked as a military specialist. Nevertheless, it cannot be denied that you were linked closely to this period....

[Vacek] I do not deny it. I do not hide the fact that I grew up in the normalization period. With full responsibility I can say, however, that I have always been guided by common sense. Of course, I am not without mistakes; and I have made mistakes. During the past 20 years I was constantly under the control of hundreds and thousands of people, and it will not be difficult to verify my attitudes toward people and toward my work.

[Subert] Some opponents have raised the objection that you proudly wear decorations awarded to you by President Husak. Is that true?

[Vacek] You may ask anyone who knows me. He will confirm that I do not belong to the people who decorate themselves with medals. I was awarded only one decoration in the past period—the Order of the Red Star—which is a military variant of the civilian decoration—the Order of Labor. Apart from this, I have a number of memorial medals.

[Subert] How do you like the fact that you, as defense minister, can be publicly criticized?

[Vacek] I am not going to say that it is agreeable. At the same time, however, I realize that only a public and unrestricted criticism is a guarantee that history will not repeat itself. It is easy to recognize who is camouflaging and employing tactics during a discussion. It makes me happy if I can openly respond to all objections and attacks against my person. I do not want our entire Army to suffer due to attacks against my person.

[Subert] Unfortunately, the criticism that has appeared recently relates to the entire Army, or, to be precise, to its command. Are you going to protect your generals and officers?

[Vacek] If they deserve it, of course. Some attacks against the Army are caused by incomplete and distorted views; it is necessary to distinguish between what we want, yet have been unable to achieve, and what we do not want—these two things should not be confused. I am not against the criticism of things that do not go the way we would like them to go, but the allegations that we refuse to solve them annoy me very much. The dissatisfaction of a soldier or an officer cannot be simply blamed on the bad or malicious intention of the commanders. I am telling you frankly that we do not have experience

with democratization—which is in some ways a contradiction to the needed centralism in the Army—and we have to gain it. I give my word of honor that we have honest intentions.

Transportation Problems, Prospects Outlined

LD0708162390 prague CTK in English 1511 GMT 7 Aug 90

[Text] Prague Aug 7 (CTK)—Federal Transport Minister Jiri Nezval said today that the integration of Czechoslovakia's transport system into the European network by the year 2000 was one of the main tasks in the sphere of transport.

At a meeting of ministry officials, the minister stressed that most problems accumulated in the past in railway transport which had to concentrate on constantly raising transport volumes. The fixed assets are outdated and, on the other hand, demand for this means of transport is beginning to decline. Therefore greater quality, higher speed and use of informatics are necessary, as well as electrification of lines.

The main funds to meet these requirements are expected to be obtained through rises in passenger and cargo transport, due in September.

Considerable funds will be necessary for improving the network of roads to be linked with European motorways. Emphasis is put on speeding up the construction of motorways linking Prague with the FRG, Prague with Austria and Bratislava with Austria. The ministry intends to obtain the necessary 50,000 to 60,000 million crowns in the next decade, apart from international loans and shares from sales of fuels, also through introducing road and motorway tolls etc.

Government Discusses Taxation System, GDR Trade

AU0708133890 Prague HOSPODARSKE NOVINY in Czech 3 Aug 90 p 8

[CTK report: "From the Communique on the Federal Government Session"]

[Text] The most important point discussed at yesterday's federal government session was the draft concept for the reform of our taxation system. The government also debated possible approaches toward a system for valorizing pensions, and it discussed the development of economic relations with the GDR. At the end of the session, Marian Calfa gave a briefing on the results of the meeting in Venice involving the Pentagonal Group heads of state. Representatives from the Slovak Republic Government and leading trade union officials were present at the session.

A taxation system similar to those in the market economies of developed countries should begin operation in our country as of 1 January 1993. This autumn the rate of the turnover tax should be consolidated and conditions for the liberalization of prices should be prepared. Beginning early next year, levies and taxes from economic activity will be integrated and an income tax will be introduced.

The CSFR Government objected to the fact that the GDR is not fulfilling its valid contractual obligations concluded with the CSFR. GDR organizations are refusing to take contractually agreed manufactured goods worth 230 million rubles. The CSFR Government considers such a development to be absolutely unacceptable. It is at variance with the treaty on the establishment of currency, economic, and social union concluded between the FRG and the GDR on 18 May 1990, which contains the undertaking that the implementation of the aforementioned treaty will in no way violate contractual obligations concluded with third countries. The government reserves the right to make further decisions on this issue.

In its other discussions, the federal government expressed its concurrence with the conclusion of agreements with the European Free Trade Association countries. The agreements contain, first and foremost, bilateral undertakings to gradually reduce and abolish import duties on industrial products.

With the participation of J. Kanturek, director of Czechoslovak Television, the government also discussed the creation of conditions to ascertain that television can procure additional financial resources for its own commercial activity. The outdated technical equipment in television studios, among other things, makes this necessary. However, Czechoslovak Radio and CTK are in a similar situation, and their cases will be dealt with in the very near future.

In accordance with a CSFR Government decision, the Central Directorate of the Czechoslovak Film Industry economic organization was abolished yesterday. Film organizations which come under its jurisdiction will be transferred to the jurisdiction of the republics.

In conclusion, the CSFR Government appointed a commissioner to coordinate the preparation of the concept for a state housing policy under the conditions of economic reform. Ota Karen, the current Central Council of Cooperatives chairman, was given this appointment.

Social Democrats, Radicals Against New Assembly

AU0708120590 Prague HOSPODARSKE NOVINY in Czech 2 Aug 90 p 8

[CTK report: "Little Enthusiasm for the New Assembly"]

[Text] Prague—The Czechoslovak Democratic Party considers the establishment of the Extraparliamentary Assembly to be a problematic attempt to constitute a shadow parliament. According to the statement issued to

CTK yesterday [1 August] by the Czechoslovak Social Democratic Party Press Center, such a representative organ does not exist in any democratic state; although, in some countries there are also political parties which are not represented in parliament.

Yesterday, the Association of Radicals also expressed its disagreement with the establishment of the Extraparliamentary Assembly. In a document it states, among other things, that, in democratic systems, even 49 percent of voters do not have "their own" representative in parliament; this is generally because of the majority electoral system. Members of parliament in these systems represent the whole country, that is, not only their own voters.

Report on Slovak Government Communique

AU0708120490 Bratislava NARODNA OBRODA in Slovak 1 Aug 90 p 2

["(NO)"-signed report: "Communique from Slovak Government Session"]

[Text] Bratislava— At its session, the government noted the CSFR Government's resolution No. 447/1990, in which the federal government agreed to the establishment of passenger car production based on international cooperation and to the capital participation of foreign and domestic car producers. In this resolution, the CSFR Government also approved the intention of setting up the production of gearboxes by the Czechoslovak joint stock company in which General Motors Europe will have the majority of shares. The federal government also expressed approval of talks regarding the production of commercial and passenger cars in Bratislava Automobile Plants in cooperation with General Motors Europe and Volkswagen. In this venture most of the capital will be foreign. The Slovak Government has ordered its members to proceed in such a manner as to enable the presentation of specific drafts for cooperation with the selected partner by the end of September this year. For this purpose a commission, headed by deputy premiers Jozef Kucerak and Vladimir Ondrus, will be established.

It noted the government's resolution 365/1990, by which the Federal Assembly presidium's draft provision on the government's compensatory payment, worth 140 korunas monthly, has been approved as of 1 July. The CSFR Government simultaneously approved the increase of per diem allowances during business trips, separation allowances on construction sites, separation allowances when hiring employees, air-transport food standards, and similar compensations, attaining 20 to 30 percent on average, depending on the impact of food price increase on individual food items. Citizens in social welfare institutions, persons in custody and prison inmates, and persons in health care facilities—except those whose spa treatment is not prescribed by their doctor and who pay in full —will be compensated for the increased costs of food from the state budget. The state budget will also cover the increase in eventual operational costs of postal services and telecommunications, as expected in connection with mailing the compensatory payments.

It discussed the amendments and additions to the Slovak Government's resolution No. 270 of 6 June 1990 concerning the outline of the concept for economic development and the new Slovak Republic's economic system, and it approved them. The resolution was approved by the former Government of National Consensus. The new government adopted the concept and included it in its working plan. At the same time, it appointed a 13-member commission for determining the relationship between the federation and the republics under the conditions of the new economic system and of the new structure of central economic organs. The commission's chairman is Jozef Kucerak, Slovak Republic deputy premier, its deputy chairman is Ladislav Kosta, Slovak Republic justice minister.

After the discussion—which reflected satisfaction with the rapid progress of the federal organs but, at the same time, objections to the circumvention of the Slovak organs—it noted the CSFR Government's resolution No. 478/1990 on Czechoslovakia's joining the agreements on the IMF, the International Bank for Development and Cooperation, the International Financial Corporation, the Multilateral Investment Guarantee Agency, and the International Association for Development. It then approved the CSFR's joining these agreements. The Slovak Republic minister of finance and prices was given the task of presenting the Slovak Government's stand to the pertinent federal organs.

It established a 14-member Central Immunological Commission [Ustredna protinakazova komisia]. Michal Dzatko, minister of agriculture and food, became its chairman, and Dusan Hlinka, Slovak Republic State Veterinary Administration central director, became its secretary.

It recalled Lieutenant Colonel Engineer Vladimir Borodovcak from his position of Slovak Republic deputy interior minister (without political affiliation) and appointed him as the head of the Slovak Republic Government Office. Juraj Kolek, candidate of sciences, has been recalled from this position.

Orientation of Slovak Industry To Change

AU0708113890

[Editorial Report] Bratislava NARODNA OBRODA in Slovak on 31 July on page 1 publishes a 500-word report by Stanislav Tomanek, NARODNA OBRODA correspondent, on the visit by Engineer Jan Holcik, candidate of sciences, Slovak minister of industry, to the daily's editorial office. The report notes that during his visit the minister analyzed the situation in the chemical and light industries in Slovakia emphasizing the need for a symbiosis of ecological and the economic aspects. According to Holcik, the heritage of the former regime is nothing to

be proud of but, even in comparison with the developed countries, the standard of the Slovak science and technology, and particularly the quality of the technical staff, is very high. The present orientation of industry demands a high input of energy and raw materials, and this must be changed, he says.

"The philosophy of further development is rooted in a pro-export orientation and an appreciation in the value added by manufacture of the raw material. We expect privatization with the participation of foreign capital, while utilizing the abilities of our researchers, engineers, technicians, and laborers." Holcik continues by estimating that 65 percent of the production facilities are worn out and, while only some industrial branches in Slovakia are capable of competing in the world market, Slovak industry manufactures 90 percent of the total range of products. In addition to the enterprises manufacturing textile, polymeric additives, and antioxidants, which are to be expanded, the minister says he has great expectation from the automobile production in the BAZ (Bratislava Automobile Company). The report ends with a comment that the readers will be acquainted with many other thought-provoking ideas uttered at the two-hour meeting at a later date.

Volkswagen or Renault To Be Future Skoda Partner

AU0708112290 Prague HOSPODARSKE NOVINY in Czech 2 Aug 90 p 1

["(HN)"-signed report: "Volkswagen or Renault With Skoda?"]

[Text] Four tenders were submitted for cooperation in the development of our automobile industry—Citroen, General Motors, Volkswagen, and Renault. At yesterday's [1 August] meeting in Mlada Boleslav the tenders from Volkswagen and Renault were selected.

The Volkswagen and Renault companies will be invited to draft detailed plans so that a contract may be signed by the end of the year. Other necessary steps are connected with this which depend, first and foremost, on the denationalization of the Skoda Mlada Boleslav automobile plant and on its conversion into a state joint stock company. This should happen before the end of September.

The estimation of how much the Skoda Mlada Boleslav automobile plant is worth in convertible currency—which is currently underway—is a necessary condition for the foreign partner's involvement. The figure reached will be used to found a joint stock company with foreign capital which will be established by 1 January 1991 at the latest.

GERMAN UNIFICATION

Notice to Readers: *In order to provide information concerning German unification in one location for the benefit of our readers, material on that topic from the FRG, GDR, and other media is now being published in the German Unification Attachment to the West Europe DAILY REPORT.*

Meckel Views Future German-Polish Relations

AU0708085790 Warsaw ZYCIE WARSZAWY in Polish 2 Aug 90 pp 1,4

[Interview with Foreign Minister Markus Meckel by ZYCIE WARSZAWY Berlin correspondent Wojciech Pomianowski in East Berlin; date not given: "Together In Europe"]

[Text] [Pomianowski] Mr. Minister, the Kohl-Gorbachev agreement and the two-plus-four talks in Paris have opened the way to German unity and complete sovereignty by the end of the year. What kind of country will it be? How do you picture a united Germany? After all, there is no shortage of fears about its future political and economic might.

[Meckel] We have proceeded to undertake political action, also in our party (Marcus Meckel belongs to the Social democratic Party of Germany), under the following slogan: We want the kind of German unification that no one need fear. I think a major step along this path was made at the two-plus-four talks. Together with a final recognition of the German-Polish border along the Odra and Nysa rivers [Oder-Neisse], the security of Poland, essential for free and open relations between both countries in Europe, was guaranteed.

Germany will shortly play an even greater economic role than before. I greatly hope that this qualitative economic burden will be properly used to shape economic relations with East Europe and between the North and the South. I trust that Germany, having relinquished a part of its sovereignty, will contribute its potential to the EC, and at the same time build a bridgehead to East Europe.

[Pomianowski] What can Minister Marcus Meckel, Berlin, and the GDR contribute to a united Germany?

[Meckel] On the one hand, if I may say so, they can contribute people who have admired Poland for over 20 years, because something happened in Poland which was quite unimaginable in the GDR, and which belongs to the history of change in East Europe. Without it, the changes last autumn would not have been possible.

Second, a final recognition of the border and the settlement of an historical dispute. We want to recognize this border, and that is why I went to Warsaw first. That was important for me. We also made it clear that the future Germany will not always be composed of two parts, and that we will become part of a specified political constellation. I can say on my own behalf and on behalf of many others whom I know that we want to engage our political potential in the establishment of partnerlike political and economic relations with Poland. I would like to see this as the start of a new friendship and closer, more intensive good-neighborly contacts, just like the ones that have existed for a long time between Germany, I mean the FRG, and France.

Many problems will appear along this road in the immediate future. After unification, the EC border will run along the Odra and Nysa rivers. It will not be easy for economically weaker countries like Poland. Certain restrictions are necessary. There are also problems in connection with the monetary union. For us this presents the chance for a faster economic revival compared with Poland. There is a difference in standards that always gives rise to conflicts between people. One must make sure that these conflicts do not develop into international ones, and that nationalist forces are not provided with maneuvering space. We wish to avoid that.

[Pomianowski] Polish Foreign Minister Krzysztof Skubiszewski said in the Sejm recently that there will be no European harmony without Polish-German harmony. Do you agree, and if so, what form is this harmony to take?

[Meckel] Relations with Poland are important for Europe. Between Germany and Poland there is an agreement and desire to conclude a legal-international border treaty soon after unification. We have expressed our intention to negotiate and conclude a basic treaty which will lay down bilateral relations in every sphere. Here, too, I would like to return to the significance of the German-French border treaty on which friendship and contacts between people are based.

This will be important, because contacts with the Soviet Union are also important for us. These issues are closely interrelated, because Poland should be certain that good German-Soviet relationships will not cause it any harm. In its history, Poland has had all kinds of bad experience in this regard. We want to provide a complete assurance that this experience will not repeat itself, and that a new, European experience will emerge in its place.

[Pomianowski] There are many reasons, not just historical ones, why Poland requires and expects a final legal-international recognition of its western border along the Odra and Nysa rivers and security guarantees. How do you think Poland can obtain these guarantees?

[Meckel] Like I said, the things that were agreed upon by the two German states and Poland in Paris will next become part of the two-plus-four agreement, and after unification a border treaty will be concluded which, in its content, will be more or less what the two German parliaments have already resolved. Here, too, I think there are no more open questions between Poland and Germany.

[Pomianowski] When could the preparatory talks for the border treaty start?

[Meckel] Basically, that depends on the FRG. We have said we are ready for such talks. Mr. Skubiszewski has been invited over for September.

[Pomianowski] In a few months time there will be no more GDR. What will happen to all the treaties and agreements between Poland and the GDR, especially in the economic sphere?

[Meckel] That will require joint settlement. Many agreements will have to be ditched, some will have to be altered, and many will have to be merged. Germany will have to find new forms of cooperation to satisfy bilateral hopes.

[Pomianowski] Is there a danger that Poland will also have to "pay" for German unification?

[Meckel] I think that the difficult operation of converting a planned economy into a market one, scheduled to occur in the GDR and, under different conditions, in Poland, will present difficulties for both sides. That always causes inequalities, which will be inevitable in this case, too.

[Pomianowski] In Frankfurt an der Oder, on the 40th anniversary of the Zgorzelec treaty, you said, just as President von Weizsaecker had said before, that borders should become bridges. During your April visit to Warsaw you promised that the GDR would remove all obstacles and, as you put it, all "intimidation" in tourist traffic with Poland. And yet, it is difficult to call the Odra-Nysa border a bridge, and for GDR Germans the Poles are still not equal partners in traffic.

[Meckel] I agree there is an urgent need to act. I would like to see to it that traffic between the two countries is easier.

[Pomianowski] How would this be achieved?

[Meckel] By opening more border crossings, and changing the rules concerning transit, whereby one has to cross the GDR as quickly as possible. It must be seen whether invitations really are necessary. I personally am opposed to invitations, but so far I have been unable to force through my viewpoint.

[Pomianowski] Will there be a "visa barrier" on the Odra river?

[Meckel] I hope not. In any case, that is my wish. In view of the visa-free traffic with Czechoslovakia and Hungary, it would not be fair. Our political objective is to also establish visa-free traffic between Poland and the united Germany.

[Pomianowski] Minister Skubiszewski has suggested a Polish-German communion of interests. From your German viewpoint, do you think this is necessary and feasible? What form could it assume?

[Meckel] I do not know exactly what Minister Skubiszewski meant. But we certainly have many interests in common. Within the CSCE framework we have worked out a joint proposal which we want to present at that forum. We also have many direct interests as neighbors—economic interests, good-neighborliness, and contacts between people.

[Pomianowski] What is your personal objective vis-a-vis Poland and Europe?

[Meckel] Vis-a-vis Poland, my objective is a permanent, lively reconciliation and friendship between the two peoples after multifarious historical burdens, from which the Germans feel particularly responsible. I would like the Germans and Poles to be good Europeans together.

Soviet Forces To Hold Maneuvers 10-17 Aug

LD0808080890 Hamburg DPA in German 0706 GMT 8 Aug 90

[Text] Berlin (DPA)—The Soviet Army will hold maneuvers on GDR territory in August. A GDR Defense Ministry spokesman anounced that from Friday [10 August] until 17 August, the Western Group of Soviet forces, which is stationed in the GDR, will hold maneuvers involving up to 15,000 soldiers, which had been "planned for the long term." The National People's Army of the GDR will not take part in the exercise, although the participation of 380 soldiers had originally been planned, the spokesman said.

Schroeder Says SPD To Stay in Coalition

AU0708130690 Cologne Deutschlandfunk Network in German 1100 GMT 7 Aug 90

[Interview with Richard Schroeder, Social Democratic Party of Germany floor leader, by Peter Heinemann in East Berlin on 7 August—recorded]

[Text] [Heinemann] The presidium members of the Social Democratic Party of Germany [SPD] in East Berlin are currently discussing their further approach to the issue of the GDR's accession under the purview of the FRG's Basic Law. In the afternoon at 1500 [1300 GMT], the SPD People's Chamber group will meet to agree on a specific accession date. The possibility has not been ruled out that the SPD will bring in a motion at the People's Chamber special session tomorrow [8 August] to decide on the GDR's accession by 15 September. At the meeting of the SPD Presidium in the People's Chamber this morning, floor leader Richard Schroeder made it clear that it is unacceptable to confront the eastern and western neighbors with faits accomplis by a precipitous accession of the GDR to the FRG, before the so-called two-plus-four talks have been concluded.

My question to SPD People's Chamber floor leader Richard Schroeder: What line are you pursuing at the presidium meeting?

[Schroeder] We exchanged views in Bonn yesterday [6 August]. We think that all-German elections should be held without the Basic Law having to be amended. We share the view of those who warn about casually amending the Basic Law. That means that we cannot accept 14 October. This date would also have the disadvantage of the two elections being held on the same day. We would very much like the election of the minister presidents of the existing GDR laender and the election of the federal chancellor to take place as two separate elections, in which the electorate should consider different aspects; combining the two would not be helpful for an objective decision.

[Heinemann] Mr. Schroeder, we understand that the SPD People's Chamber group will possibly suggest at the People's Chamber special session tomorrow [8 August] that the GDR accede on 15 September. Is that correct?

[Schroeder] Regarding the issue of the accession, which is not identical with the issue of the elections, we are flexible. We think that in this respect, above all, foreign policy aspects have to be considered.

[Heinemann] The aspects discussed in the two-plus-four talks?

[Schroeder] Yes, that is right. The two-plus-four talks will take place on 12 September for the last time. If substantive results are reached in these talks, and if we see that we do not create annoyance by the accession, we will agree to the accession by that time.

[Heinemann] I conclude from your remarks, Mr. Schroeder, that you are willing to preserve peace in the GDR Government coalition. How about the issue of leaving the coalition? Quite a few social democrats favor leaving the coalition because they think it is unacceptable for them to tolerate humiliation by the De Maiziere government.

[Schroeder] It is correct to say that the way the election date of 14 October was made public was bad style. However, on the other hand, I do not think that being offended should be a factor in politics. We are committed to our voters, and if we have to swallow something in the interest of our voters and in the interest of the people in our country to whom we owe a functioning government, we will swallow it. But we hope, of course, that we do not have to swallow such a thing once again.

Meckel: Tendency To Leave Coalition

LD0708150590 East Berlin ADN International Service in German 1353 GMT 7 Aug 90

[Excerpts] Berlin (ADN)—In Berlin, the SPD [Social Democratic Party] parliamentary group in the People's Chamber is discussing a motion for the accession of the GDR to the FRG in accordance with Article 23 of the Basic Law as of September 15. The motion is to be submitted at tomorrow's special People's Chamber session. [passage omitted]

Both Thierese and Schroeder declared the SPD does not want to withdraw from the coalition because it wants to retain some influence on matters such as the unification treaty and the two-plus-four talks. Contrary to this, Foreign Minister Meckel said there is a strong tendency within the parliamentary group towards leaving the coalition. Recently there has been no genuine cooperation in the coalition. "The government, as it is doing its job at the moment, is no longer genuinely able to take action or reach a consensus," Meckel told journalists on the sidelines of the parliamentary group meeting. There will have to be a decision on whether to remain in the coalition.

Majority Endorses Party Executive

LD0708200790 East Berlin ADN International Service in German 1934 GMT 7 Aug 90

[Text] Berlin (ADN)—The Social Democratic Party [SPD] group in the People's Chamber decided on Tuesday evening to stay in the governing coalition after a roll-call vote. This was announced by the SPD press service.

Thus, the majority of the group endorsed the opinion of the party executive, which had previously recommended that the party should remain within the government alliance with the Christian Democratic Union-Democratic Awakening and the German Social Union for the remaining time, which is limited anyway.

Mielke To Remain in Custody During Proceedings

LD0708180090 East Berlin ADN International Service in German 1242 GMT 7 Aug 90

[Excerpt] Berlin (ADN)—In the preliminary proceedings against Erich Mielke, the responsible Senate of the Berlin City Court has rejected an appeal against a remand in custody. Despite the great age and the greatly impaired state of health of the accused, custody is essential in view of the grave crimes of which he is suspected. [passage omitted]

No Decision on UN Iraq-Kuwait Embargo Appeal

LD0708131390 Budapest MTI in English 1049 GMT 7 Aug 90

[Text] Budapest, August 7, 1990 (MTI-Econews)—The Hungarian Government has not yet decided if it will comply with the Security Council's appeal for a trade embargo with Iraq and Kuwait.

Hungarian Ministry of International Economic Relations officials stated that Hungary does not supply arms to Iraq.

Following a decline in 1988, trade between Hungary and Iraq is currently on the upswing. The peak year for Hungarian exports was 1982 with exports valued at U.S. $294 million, while in 1988 they were only worth U.S. $16 million. Last year, Hungarian exports grew to U.S. $30 million. The value of contracts concluded so far is U.S. $8 million, for the delivery of Ikarus buses.

Iraqi debts to Hungary stand at U.S.$145 million.

Trade with Kuwait has also been increasing. Hungarian exports were worth U.S. $19.4 million in 1987, U.S. $29.4 million in 1988, and reached U.S. $39.6 million last year. This year's target is U.S. $45 million. Contracts worth U.S. $15 million have so far been signed for deliveries of consumer goods, textiles and foodstufffs in the next few months.

Hungarian deliveries to both countries have been suspended because of the armed conflict.

Update Given on Safety of Citizens in Kuwait

LD0708120390 Budapest Domestic Service in Hungarian 1000 GMT 7 Aug 90

[Text] A short time ago, the Foreign Ministry Spokesman informed Hungarian radio that all Hungarian citizens who are staying in Kuwait are healthy and well, all acounted for, and are staying at their residences.

The Foreign Ministry could not get in touch with four people who traveled to Iraq before the invasion to obtain certain visas. Their whereabouts are presently unkown.

Five Hungarians Reported Missing

LD0708152290 Budapest Domestic Service in Hungarian 1500 GMT 7 Aug 90

[Text] According to the latest information, five Hungarian citizens have disappeared during the Iraqi occupation of Kuwait. A competent Hungarian Foreign Ministry official said that four of them work for the Budavoc company, and all of them are telephone engineers. Two of them happened to be in Iraq, extending their visas which had expired, and two of their companions set off by car from Kuwait to join them; no news has been heard of any of them since then. The fifth Hungarian who has disappeared in Kuwait is a truck driver who was hauling a shipment of frozen food. His vehicle has since been found.

There are around 200 Hungarians in Kuwait, and the Foreign Ministry has begun preparations for their evacuation. They would like to get the women and children out first. It is possible that the Hungarians will be evacuated either by road, or even by Red Cross ships, as foreign planes are not being given landing permission in Kuwait at this time.

Soviet Command Issues Communique on Parts Sales

LD0708220390 Budapest Domestic Service in Hungarian 2000 GMT 7 Aug 90

[Text] Soviet soldiers who sell military equipment are to be held accountable for their actions, said the command of the Southern Army Group, which is withdrawing from our country. This measure has become necessary due to the fact that, in Kiskunhalas, Soviet soldiers have sold spare parts for antitank missiles. In their communique, the command of the Southern Army Group also expressed thanks to the inhabitants of Kiskunhalas for having reported the incidents to the police.

Japanese Bank Grants $200 Million Loan

LD0708153890 Budapest MTI in English 1435 GMT 7 Aug 90

[Text] Budapest, 7 August 1990 (MTI)—The Japanese Export-Import Bank has granted the National Bank of Hungary (NBH) [MNB] a loan of $200 million at preferential terms. The relevant agreement was signed on August. [as received]

This loan will be the first disbursement under the $500 million credit package the Japanese Government promised Hungary in June last year.

According to a senior NBH official, the first, $100 million tranche will probably be available by September. The Japanese credit is connected with the $200 million loan given by the World Bank for purposes of economic restructuring, of which the NBH could already draw $100 million.

The loan carries the preferential terms of 15 years' maturity, a 5-year grace period, and interest rates fixed at 0.2 per cent below the long-term interest rates of the Japanese money market.

The NBH will borrow the loan in yen: the total sum to be borrowed will come to 31,000 million yen.

The remainder of the $500 million Japanese loan will be used for the setting up of Hungarian-Japanese joint ventures and the funding of Hungarian machine imports.

At present a 5,000 million-yen credit agreement is in effect between the NBH and the Japanese Export-Import Bank, covering exclusively the import of Japanese technology.

The recent $200 million agreement was concluded by leading Japanese trading houses, the Export-Import bank and other Japanese commercial banks.

Under another accord with the Japanese Export-Import Bank, Hungary has recently taken up a loan of 8,000 million yen, also at preferential terms.

Media Firm Challenges Decision on French Bid

LD0708151690 Budapest MTI in English 1301 GMT 7 Aug 90

[Text] Budapest, August 7, 1990 (MTI-ECONEWS)—MAGYAR NEMZET Newspaper and Book Publishing Co. Ltd. has decided to raise its capital to 135 million forints (2 million USD) and give the Paris-based Hersant group the opportunity to sign up to 45 per the company's shares. [sentence as received]

This decision has come under fire from one of the members of the limited company, the MAGYAR NEMZET Foundation, which represents the staff of the Budapest daily, the MAGYAR NEMZET.

The foundation actually wants to take the matter to court, and the editor-in-chief of the daily, Mr Jozsef Martin, has already resigned.

The MAGYAR NEMZET, which was founded back in the 1930s, reached peak circulation by the 1980s, as it was the mouthpiece of mildly opposition-minded professionals, politicians and writers.

In a short time, its circulation shot up from 100,000 to 160,000.

In January this year, the formal owner, the already defunct Patriotic People's Front, renounced its ownership rights, and the staff of the daily set up the MAGYAR NEMZET Foundation. Later, the Hungarian Post Office Bank and the publishing company Pallas joined the foundation to set up MAGYAR NEMZET, Ltd.

Several foreign offers for buying into the company have been received, including one from the Swedish paper the DAGENS NYHETER and from Hersant of France. Experts says the French offered better financial terms, including a promise to kit out the editorial offices with computers at an estimated cost of 25 million forints, and to build a printing house. Both companies were after a 45-per-cent stake in the MAGYAR NEMZET.

The Hungarian Government apparently pressurized the board of MAGYAR NEMZET, Ltd., via Pallas, which it controls, to go for the French bid. The MAGYAR NEMZET Foundation would have preferred the Swedish offer, because this option would have permitted them to keep the daily's liberal approach and independence.

Since the three owners decided on Hersant by a majority vote, and the foundation claims that only a unanimous vote is valid in matters of such fundamental importance, they now intend challenging the decision in court.

Newly Elected President Goncz Interviewed

AU0708154390 Budapest MAGYAR NEMZET in Hungarian 4 Aug 90 p 2

[Interview with President Arpad Goncz by Zsuzsa Matrahazi in Budapest on 3 August: "The Memory of Revolution Should Be Remembered With Deeds"; first paragraph is MAGYAR NEMZET introduction]

[Text] In the days following the referendum of passive opposition and lack of interest on 29 July, the press and the mass media in general started to assault Arpad Goncz, who advanced from the position of interim president to the position of the designee to this highest public post. Because of his intense schedule, Arpad Goncz has recently been forced to avoid the journalists who wanted an interview with him. We succeeded in arranging a short meeting on 3 August. On this day, our interviewee became "the first citizen, the first officer of the Hungarian people, the first among equals, and not the master of the Hungarian people" as formulated by the parliament speaker at the festive inauguaration meeting.

Not "Weak" but Constitutional

[Matrahazi] On 29 July, you went to the district polling station and exercised your right to vote on the referendum on the following question: "Do you want the president of the Republic to be elected directly?" Whether or not you admit it, your very person was at stake then, and the question was whether the people had confidence in the interim president and would vote for Arpad Goncz even by refusing to participate in this referendum forced by the communists. Did you not worry about the outcome?

[Goncz] No, I felt no worry whatsoever. I signaled it well in advance that I would fully accept any decision, either that of the referendum or that of the parliament.

[Matrahazi] How do you regard the fact that the MSZP [Hungarian Socialist Party] Presidium also called upon the members of this party's parliamentary faction to cast their votes for you?

[Goncz] I regard this as a well-meaning and honest gesture, as well as a politically wise gesture.

[Matrahazi] What kind of president will Arpad Goncz be for Hungary? What plans do you have? What will you do differently than you have been doing as an interim president?

[Goncz] What kind of president? You and the people of Hungary will judge that. Besides, only my room to maneuver and authority will increase now that I am the elected president, not my way of thinking.

[Matrahazi] What role could a legally "weak" president play in the period of transition leading toward full democracy and to joining Europe?

[Goncz] I would rather call it a "constitutional president" instead of a "weak" one. His role is primarily to determine the tone of our country's political life and the style of debates conducted for the benefit of the common goal. His role is to create the essential human atmosphere of understanding, and not to stop the debates.

[Matrahazi] Recently, at your election as interim president, you said the following: "I think that people expect from me to serve no particular party." You emerged from the ranks of the SZDSZ [Alliance of Free Democrats] to the position of president. What guarantees can you provide for your neutrality?

[Goncz] The proof of my life.

[Matrahazi] It seems that it is increasingly difficult to do justice to the various rival parties. What will prevent you from being consumed by this activity?

[Goncz] People constantly mistake the tough and principled debates among "rival" parties for war. Can you imaginge a country today whose parliament was able to legislate such a high-level law like the local self-government or self-government election laws so soon after strong and principled differences? In my opinion, the parties in our parliament are serious about their political responsibility. I do not have to be consumed by this at all.

[Matrahazi] The public is well aware of your relations with Istvan Bibo. Arpad Goncz was a codefendant in Istvan Bibo's trial after the revolution. Istvan Bibo said that to be democratic primarily means not to be afraid. When will Hungary reach this stage? We are constantly afraid of something: From the emergence of past truths to the tasks we are facing, the future, and the patient and peaceful acceptance of our present.

[Goncz] We are primarily afraid of "tomorrow." However, tomorrow inevitably comes, and the fear will also disappear. It is not certain that this future will be immediately beautiful. However, a mature nation like Hungary will somehow make this future acceptable. If it accepts the present....

Flowers for a Beautiful Lady

[Matrahazi] What about your position of president of the Writers' Association and about your future works? Will you have time to continue your literary activity to make sure you do not lose "practice?"

[Goncz] I will have to give this up. However, my contacts with literature and the entire cultural life will not cease. My present "office" will help to fulfill my "vocation." Besides, the writer in me considers this period in the presidency to be the period of gathering material; I believe I will perhaps have enough time at some point to use this material for writing.

[Matrahazi] During our previous talks and also in public, you mentioned the fact that you love the press and the journalists. What is your opinion of the current debates between the government party and the press? To what extent can you interfere in this, or perhaps pacify things?

[Goncz] In my view, if one desires the love of a beautiful and capricious lady, he had better start with flowers.... And with nice words. Besides, the government and the press have no choice but to coexist. It is difficult to pacify a family debate, and it is more expedient to calm both sides to make sure they do not throw too many injustices at each other.

[Matrahazi] Openly accepting your 1956 past, you have recently made several official state moves which your predecessors were unable to make, like laying the wreath at the 301 plot in the cemetery and promoting the executed and persecuted soldiers. Did your conscience make you do all this, out of a sense responsibility, or was it only fate that made all this topical now?

[Goncz] I accepted 1956 before the court, and I will accept it until my death. Given my public position, I consider myself to be the first representative and rightful administrator of the events of 1956 in Hungarian public life.

[Matrahazi] What future plans do you have concerning the worthy celebration of the October revolution, this fateful date in Hungarian history? For whom would you build a statue among the heroes of 1956?

[Goncz] To no single individual, but to the martyrs of 1956 collectively. This revolution should be remembered with deeds. The fact that it is still living and affecting both our foreign and domestic policy should immortalize this revolution.

[Matrahazi] What have you experienced in the last three months from the position of president of the Republic? What does Hungary look like from high above?

[Goncz] From high above? I have never looked upon Hungary from high above. It would be a lasting mistake to think that I have the right to look upon my country from high above. I have been repeatedly saddened because of this. However, my determination often improved my mood; an incredible desire to do things, as well as energy, lies behind the apparent hysteria. The next task of politics is to release this energy. If we succeed in doing this, my bad mood will no longer have to be eased by my mind. Even if I might still be angry, I will no longer have to be sad as well.

Six Parties Protest 29 Jul Referendum

LD0708182690 Budapest MTI in English 1731 GMT 7 Aug 90

[Text] Budapest, August 7 (MTI)—In a petition addressed to the Constitutional Court, the Consultative Council of Non-parliamentary Democratic Parties demanded to declare the outcome of the July 29 referendum invalid and unconstitutional, Istvan Utasi, president of the Homeland Party, told a press conference in Budapest on Tuesday.

The six parties belonging to the council, namely the Hungarian People's Party - National Peasant Party, the Pensioners' Party, the Homeland Party, the Hungarian Realist Party, the Hungarian Alliance for Freedom and the Independent Hungarian Democratic Party sharply criticized the president of the republic the National Assembly and the government for repeatedly violating law in the course of preparations for the referendum. For instance, the law in force at that time prohibited holding any referendum in the three months preceding the local elections. (The law has been amended since then and the date of the referendum complied with the new regulation). The text put on the voting slips was misleading, and the parties were granted an exceptionally short time for preparations.

The six parties blamed Arpad Goncz, president of the republic for setting a particularly unfavourable date for the referendum. They added that the date should have been specified by parliament rather than the interim president. Since Goncz was personally concerned in the presidential elections he should draw the necessary conclusion and resign, they argued.

Utasi said the six parties did not regard the outcome of the referendum as a failure since about 1 million people voted in favor of direct presidential elections.

The parties belonging to the consultative council have major financial difficulties which may gravely influence the outcome of the local elections next autumn. For lack of finances, the six parties concerned will be unable to rival the parliamentary parties in the local elections, the party spokesmen said.

Government Measures Demanded for Drought

LD0708182890 Budapest Domestic Service in Hungarian 1600 GMT 7 Aug 90

[Text] The severe drought of the past few weeks could greatly influence the results of the Hungarian economy this year and, more precisely, of agriculture.

The National Federation of Agricultural Cooperative Workers and Producers is urging effective government measures to counterbalance the damages of the drought. The secretary of the interest representation organization, Gabor Horvath, said, as an example, that, to date, the corn which has been ruined by the lack of water had to be ensilaged from at least 28,000 hectares. In this situation, the producers are justified in demanding land tax concessions, and the credit practices of banks should also change in their favor said the secretary of the National Federation of Agricultural Cooperative Workers and Producers. He added that if there were no goverment measures, then this would also be felt in supplies for the population.

UN Resolution Against Iraq 'Fully' Supported

LD0708182190 Warsaw PAP in English 1739 GMT 7 Aug 90

[Text] Warsaw, Aug 7—The government of the Republic of Poland fully supports resolution No. 661 of the U.N. Security Council of August 6 on the Iraqi-Kuwaiti conflict, Acting Foreign Minister, Undersecretary of State Jerzy Makarczyk said in a statement.

It (the resolution) reflects the general stand of the international community which, under the circumstances of the current atmosphere in the world, expresses an unequivocal protest against any aggression, occupation or breach of international law, the statement reads.

Guided by the principles of the U.N. Charter and international morality in its policies, the Polish Government will take steps to implement the provisions of the Security Council's resolution. At the same time it again calls for an immediate withdrawal of Iraqi troops from the territory of Kuwait, which will make it possible to urgently put a peaceful end to this conflict, Makarczyk stated.

Pentagonal Meeting Called 'Challenge' for Poland

AU0708115090 Warsaw RZECZPOSPOLITA in Polish 3 Aug 90 p 5

[Maria Wagrowska commentary: "The Pentagon of States"]

[Excerpts] Czechoslovakia, Hungary, Yugoslavia, Austria, and Italy have initiated mutual cooperation following a meeting of the prime ministers of these states in Venice (31 July-1 August). This cooperation is still in its initial stages, and it is hard to say to what extent the plans will succeed. Nevertheless, the whole undertaking is unprecedented in the political life of Europe.

It will be cooperation between states whose development was, until now, determined by Europe's division into three military, political, and economic groupings. It means that it is becoming possible for more independent foreign and economic policies to be developed by states belonging to different groupings, regardless of the extent to which they are organized. Furthermore, it is conceivable that classic tripartite division of our continent into the countries of the West, East, and the so-called neutral and nonaligned might be dismantled, although the road leading to it will probably be a long one—one that will not be free of conflicts—and it would be difficult at this point to predict what general European system will replace present structures. [passage omitted]

Given that it is not possible to know how the implementation of the Venice decisions will proceed, it is, nevertheless, worth considering the extent to which they represent a challenge for Poland, which was earlier excluded from this undertaking. First, what reservations did the five countries have, each of which, after all, maintains good relations with Poland? Were they connected with Poland's geographical location? The worse economic situation? An unwillingness to become indirectly involved in the complex situation of Polish-German relations in case such involvement should harm one's own interests with respect to Germany? The fear that Poland should not "overtake" the rest in the race to Europe? Or, perhaps, leaving our country in the role of a buffer between a great Germany and the Soviet Union, with its uncertain future? Second, how should Poland behave in this situation? Would, for example, an association with the Baltic region states be an effective substitute for Central European cooperation? Is regionalization necessary at all?

Thoughts of this kind are also prompted by the Pentagonal group's initiative.

Inspectors Prevented From Viewing Soviet Units

LD0708154690 Warsaw PAP in English 1502 GMT 7 Aug 90

[Text] Warsaw, Aug. 7—Polish environmental protection inspectors were prevented from inspecting Soviet Army Units in Swinoujscie, Kluczewq and Chojno in the Szczecin Province, Col. Henryk Urbaniak, director of the Bureau of the Polish Government Plenipotentairy for Soviet Troops in Poland, confirmed on the phone to PAP today.

Today's GAZETA WYBORCZA paper blamed PAP for reporting inaccurately on this issue. PAP said yesterday that the inspectors "were not allowed to enter the premises of Soviet army units in the Szczecin Province" while it would have been more accurate to say that "the Soviet side prevented the Polish inspectors from controlling the site."

The fact that the Poles have not been able to control the state of environment in those areas for several months now is due to the lack of the Soviet side's consent to proposed dates.

Thus, there is no more to it than to say that the Polish environmental inspectors did not enter the area of Soviet Army units and were not able to inspect it.

Kolodziejczyk on Warsaw Pact, Army Restructuring

LD0808121990 Warsaw PAP in English 1035 GMT 8 Aug 90

[Text] Warsaw, Aug. 8—In an interview for the RZECZPOSPOLITA daily headlined "Change of Direction." Poland's National Defense Minister Admiral Piotr Kolodziejczyk stated in part:

"A part of society thinks that our Army is an integral part of the structures of the Warsaw Treaty which is subordinate to only the chief command—read Moscow. Meanwhile the Polish Army has autonomy. A part of our Army, above all battle units, are earmarked for (joint)

action during war. In peacetime there is coordination of plans, joint exercises but without subordination.

"Our officers are in the Warsaw Treaty headquarters but the dominance of the Soviet side is clear and this calls for changes. (...) [as received] Poland favours a gradual withdrawal from the military structure. We want the Warsaw Treaty to be of a political-consultative nature. We do accept the road taken by Hungary which announced it would pull out of the treaty by 1991. The process of withdrawal must be sensible so as not to pose a threat of destabilization. A feeling prevails that the Soviet Union for the time being is the guarantee of our independence.

"Our independence will be costly. If, for instance, we withdraw from an integrated system of anti-Air-Force defence, we will have to complement it somehow.

"The Armed Forces will be cut by 100 thousand people. In 1990 we are planning a 30-percent reduction in the headquarters of the Polish Army and by a further 20 percent in 1991. This restructuring was planned several years ago but is being implemented in different political conditions at present. At that time our foe was in the West and our 'back' safeguarded. Today the situation is less unequivocal and the plans must be corrected. For one, there is a need for a more even distribution of garrisons and an elimination of non-military zones from our map.

"On the other hand, there still is no target model of an Army.

"I hold in high esteem the matter-of-factness of Mr Onyszkiewicz and the great activity of Mr Komorowski. These are people which approach problems without emotions, rationally, as one should in the Army.

"If we want to modernize the Army, the budget of the National Defense Ministry should be significantly increased. At issue is above all the purchase of arms and equipment. At present this constitutes 20 percent of expenditures but the needs are at least twice as much. The more so that many matters are getting complicated.

"The Soviet Union has been our chief supplier of equipment, especially Air Force and missile technology. Next year we are switching over to dollar settlement of accounts with the USSR. This will cause that price of, for example, a MiG-29 plane will go up eight-fold. We will negotiate, perhaps we will buy somewhere else. This is not however so easy because we are speaking not only about the plane's price but the costs of infrastructure which must accompany it.

"For our part, we sold Air Force equipment, tanks, ammunition, guns... Our buyers included Warsaw Treaty states but not only. There were also states like India, Syria or Libya where we repaid an oil loan with our equipment. We also sold our ships there. At present arms exports are contracting significantly. Relations are becoming warmer throughout the world, there are less conflicts and there is less willingness to spend money on weapons. Despite of this our balance in arms trade is in the black which gives us an opportunity to complement our purcahses also in the West. That is why, in the current economic situation of the state, trends to re-tool the arms industry or to cut exports are unwise."

Center Accord's Organization, Officials Viewed

AU0708095690 Warsaw RZECZPOSPOLITA in Polish 2 Aug 90 p 2

[Jan Rogala report: "Visiting-Card"]

[Text] Center Accord structures have already been established in several dozen voivodships. Support for J. Kaczynski's political program is strongest in the following areas: Radom, Krakow, Chelm, Czestochowa, Sieradz, Przemysl, Szczecin, Slupsk, Tarnow, Wroclaw, Warszawa, Katowice, Bialystok, Rzeszow, and Lublin. Organizational preparations are under way in several other voivodships. It is expected that there will be regional offices in all voivodships by the end of August.

The regional structures are modeled after the national one. This means that voivodship accord councils include people from those organizations belonging to the Center Accord.

It is worth remembering that the Center Accord is a federation of members of parties, citizens committees, and organizations. Today there are 12 of these groupings: the Democratic Center; the "Baza" Union of Democrats; the Liberal Democratic Congress; the Christian-Democratic Labor Party; the Young Christian Democrats; the Christian Democratic Party [Chrzescijanska Demokracja]; the Democratic Party; Democracy 80 (a Democratic Party breakaway group); the Mazowsze Democratic Forum; the Union of Free Democrats; citizens committees, the "Wilanow" Polish Peasant Party and the "Solidarity" Polish Peasant Party.

The Center Accord brings together activists from these groupings. It is open to persons from various organizations excluding the left and the extreme right. It is being said that if a center left is formed, its activists would also be welcome in the Center Accord.

Recently, a Center Accord secretariat started to operate in Warsaw. The General Secretary is Przemyslaw Hniedziewicz, who comes from the "Dziekania" Political Thought Club; the organizational secretary is TYGODNIK SOLIDARNOSC's Maciej Zalewski; WOLA's Stanislaw Rojek is secretary; and Piotr Skorzynski is a secretariat employee. The secretariat deals with all organizational matters, registers the voivodship structures that are being set up, and initiates nationwide activities.

The Accord Council is made up of several dozen people—representatives of groups of activists who belong to the same organization or party, as well as Jaroslaw Kaczynski, Przemyslaw Hniedziewicz, Stefan Kurowski,

Jan Olszewski, Slawomir Siwek, Slawomir Dabrowski, Milosz Galecki, plenipotentiaries of regional structures, and three secretaries. Contacts with regional structures are maintained by local plenipotentiaries who are recognized by the Accord Council.

Citizens committee activists in many voivodships are Center Accord signatories. In those cases, the Center Accord operates within the committee and has no intention of taking over the entire committee. Work is currently being done to establish cooperation between voivodships and to create regional accords, for example, between Tarnow and Krakow. However, it is not felt that such links have to be established. Activists are free to decide for themselves.

The Center Accord's central bodies do not want to hurry anything along, at least not the creation of Center Accord structures. This is because the main issue is to win over people who are convinced of the program and feel ready to fight for the future of the Accord.

The number of members of the Center Accord is not known at this time; one can only speculate. The Accord conference in June was attended by 400 people. Assuming that each participant represented a group of about 10 people, that would give a total figure of 4,000. Today's figure is certainly higher.

Who is joining? Primarily intellectuals, farmers, and the newly emerging middle class—that is, people who work on an independent basis.

It is difficult to wage political campaigns without one's own press. So, a Press Council, headed by Maciej Zalewski, has been set up. It is expected that the Center Accord will shortly publish a paper of its own. Center Accord activists charge that one political camp has taken over the entire press, and the Center Accord finds it difficult to get exposure. A biweekly internal bulletin will be published.

As Secretary Stanislaw Rojek said: "The Center Accord is not a political party, and it respects the political identity of all sovereign organizations whose activists belong to the Accord. There will be no centralization other than that necessitated by the upcoming parliamentary and presidential elections. So, the Accord is based around a political program, a common list of Sejm and Senate candidates, as well as its candidate for the presidency."

Most people who are active in the Center Accord work on a unpaid, voluntary basis. The modest funds derived from donations made by private individuals are used for current activities and for paying a few full-time employees at the Center Accord's central office.

ROAD Presidential Election Proposal Reported

AU0708104390 Warsaw GAZETA WYBORCZA in Polish 4-5 Aug 90 p 2

["KL"-signed report: "The President According to ROAD"]

[Text] The draft bill presented to parliament on Monday [30 July] by some 30 Citizens Parliamentary Club deputies who are linked to the Citizens Movement "Democratic Action" [ROAD] group, proposes changes to the Constitution which would facilitate the election of a president for a five-year term in a nationwide general election with secret voting. The draft only permits two terms in office.

According to the draft, presidential elections are to be announced by the Sejm marshal within seven days of the end of the preceding term, and it is the marshal again who calls the electoral commission. During the next 21 days, national parties and citizens groups can submit names of presidential candidates, provided that 100,000 signatures are secured against the candidate's name. A presidential candidate can be any citizen of the Polish Republic who is over 25 years of age and has full liberty of rights. This is similar to the requirements for the Senate.

All eligible candidates can stand in the first round of the election and an absolute majority—namely, above 50 percent of the vote in the first round, secures the presidential office. If no candidate receives 50 percent, the second round follows in two weeks and is a runoff between the two candidates who received the highest number of votes in the first round.

ROAD deputies state in the proposal that the "round-table" contract, whose essential provision was that both houses of parliament elect the president, must be abandoned. They refer to public opinion polls and propose the principle of a general presidential election that will give the president-elect "a sufficient mandate to take decisions of importance for the whole nation," will aid internal political stability and will increase Poland's credibility among the international community.

The proposal does not alter existing constitutional provisions on the powers of the president and the conditions leading to the termination of the president's mandate. Thus, the president would retain a great deal of control vis-a-vis parliament, and could not be removed during his term of office other than by a ruling of the Tribunal of State.

Poll Shows Support for Farmers Protests

LD0708183190 Warsaw PAP in English 1713 GMT 7 Aug 90

[Text] Warsaw, Aug. 7—More than two-thirds of those polled by the Public Opinion Polling Centre between last

July 12 and 15 said that the recent protests of farmers had been mostly or fully justified (37.6 and 30.3 per cent, respectively).

A total of 16.7 per cent of the respondents were of the opinion that in most cases protests had been unjustified while 5.5 per cent said they had been totally groundless.

Despite general the approval of the protests, 55.4 per cent of the polled disapproved of the form of the protest action. 28.9 per cent regarded the blockage of public roads as acceptable.

Only 17.4 per cent of the respondents supported the use of police forces to clear the highway near Mlawa while 42.1 per cent condemned the action. 28.2 per cent treated it with understanding. 45.2 percent of the polled condemned the use of police forces against farmers staging a sit-in strike in the building of the Ministry of Agriculture. 16 per cent supported this decision and 25 per cent treated it with understanding.

In the aggravating conflict, the respondents tended to blame the government for the situation as well as expected that the government should make more concessions to solve it. 66.4 per cent said that the government should take farmers' demands into account while only 21.3 per cent thought that farmers should curb their demands.

Private Business Societies Present Declaration

AU0708102590 Warsaw RZECZPOSPOLITA in Polish 31 Jul 90 Economy and Law Supplement p 3

[Report on statement issued by the National Council of Business Societies; place and date not given: "Small Businesses Are Counting On Getting Assistance"]

[Text] Small and medium-size businesses are still relatively unknown in Poland. In the network of the country's economic fabric, large enterprises are the most noticeable. The structure of our economy is bipolar. On the one hand, there are many very small, almost artisan-like establishments, and on the other, there are several dozen, maybe a couple of hundred, of large private firms that have been able to surmount the existing barriers and pitfalls. This state of affairs is confirmed by representatives of foreign capital who are seeking, without much success, serious business partners in Poland for various development projects.

What must we do to strengthen the private business sector in our economy so that in the future it can become the social and economic base of our entrepreneurship, as well as the guarantor of the permanence of our systemic changes? The National Council of Business Societies, a body representing the private enterprise movement in Poland, presents its views on the subject. The council's views were made known several days ago when several of its members met with senators and deputies who support the idea of privatizing the Polish economy as broadly as possible.

We reproduce the text of the statement made by the National Council of Business Societies:

General Considerations

1. The Business Societies Movement represents one of the main streams of liberal economic thought in Poland. Our affiliated societies are the forum of the representatives of the new enterprise spirit of the 1980's, and are the genuine voice and authentic organization of small and medium-sized private businesses.
2. In order to coordinate common action, the societies have formed a National Council, whose main tasks are as follows:

— To represent and defend the interests of private businessmen who are members of the societies.
— Take steps to ensure that private business initiative is given a significant role in the Polish economy and to propagate the idea of private property.

3. The private business sector currently consists of small enterprises, and this situation will continue for a long time to come. We consider that this sector is a very important element of the future Polish economic fabric and a key economic mechanism that will act to counterbalance the recessionary tendency.

The Effects of the Present Economic Program

1. The stabilization program and its implementation is generally thought of as a positive step. However, we have the impression that during its conception, as well as implementation, not enough thought was given to the effects it might have on the private sector.
2. The conditions for private businesses have been made significantly worse as a result of the demand barrier. Further, this sector does not have the same ability to adapt to the new economic realities, for example, disposal of fixed assets by the nationalized sector.
3. An important element that further worsens the position of the private sector is the disruption of former advantageous business links with the nationalized and cooperative sectors.
4. The equalization of all sectors, contrary to official declarations, is superficial and fictitious. This is especially evident in the attitude that banks, tax offices, and regional administrations take towards the private sector. The private businessman is still treated as a necessary evil and looked on as a potential economic swindler. This is the signal that we are getting from our members.
5. The private sector feels that the tax on salaries, which are above the officially mandated levels, is an unnecessary barrier to development and only results in the creation of an illegal labor market. The large national insurance payments have the same effect.
6. The National Council is receiving protests regarding the way the so-called small privatization program is proceeding. The way trade is being privatized ensures that privatization is fictitious, and in reality the new arrangement is similar to granting a lease or an agency to the employees of the store who are unable to raise sufficient working capital themselves. The purported

privatization is taking place in a closed circle of people and is in effect reconstructing the old monopolistic trade relations under new conditions.
7. A significant outcome of the present situation is the growth of a gray sector in our economy. This is confirmed by the existence of illegal firms and unofficial business activity of firms that are officially registered. This phenomenon, and the official blind-eye turned to the existence of this unofficial trade, is a factor that significantly undermines the conditions necessary for fair and normal trade.

Barriers in the Way of Private Sector Development

1. The most noticeable drawback to the development of private enterprise is the absence of an appropriate economic climate and this is indicated by the very large risk factors, or the impossibility of assessing the risks, involved in any economic initiative.
2. The most important shortfalls on our economic scene are: The absence of the entrepreneurial mentality; nonacceptance of the fact of social fragmentation; lack of basic business acumen (no business daily paper); absence of regional economic policy, and an absence of any discernible structural and industrial policy.
3. Despite the favorable legal treatment, formation of new companies is still proving much too difficult. Here, much blame lies with the attitude and the bureaucracy of the local tax and regional administration offices (inability to provide relevant information, arrogance).
4. Other problems which restrain the formation of new companies are: Inefficiency of notaries' offices and companies registries; difficulties of access to these offices; a total absence of the institution of the developer; the underdeveloped state of the postal and telecommunications sector (telephones, post boxes); an underdeveloped finance credit sector; the absence of government guarantees for banks, and an absence of credit provision flexibility by the banks themselves.
5. The conditions under which present firms function need to be improved. There is a shortage of institutions that would train entrepreneurs and managers for the private sector; a lack of any institutions providing advisory and market research services for small businesses; and an absence of an appropriate system of security for banks granting development finance.
6. An important element that makes the functioning of private businesses even more difficult is a badly prepared labor law that is far too advantageous to the employee and which forces the employer to seek ways that give him freedom to regulate his staffing levels as he requires.

Suggestions

1. There is an absence of a discernible state policy towards the private sector.
2. The whole administrative structure of the state, the institutions and instruments of economic policy all have their origins in a past epoch and were developed with the aim of blocking the growth of a private sector. This structure is not suitable for developing the process of rapport with this sector, and especially with small private businesses.
3. An illustrative example of the existing state of affairs—having important and wide-ranging implications—is the statistical information that is collected by the Main Statistical Office [GUS]. This statistical information is totally unsuitable for any serious economic analysis of the private sector.

Proposals

1. We have researched the way other countries promote their small and medium-size private enterprises, and we have come to the conclusion that the solutions adopted in South Korea reflect most closely the requirements of the Polish situation. We think it appropriate that similar solutions are adopted in Poland.
2. We consider it essential that Polish state authorities should outline a strategy for developing a private sector in Poland, and particularly define:

— Their financial strategy—namely, to provide necessary founding and development capital for the private sector;
— Their strategy of private sector preferences in order to achieve the desired structural change and overcome recession (an appropriate increase in economic stability);
— Their educational strategy—namely, a system of training and developing private sector personnel;
— Their information strategy—namely, to guarantee a proper level of economic performance indicators (this would reduce the high levels of short- and long-term uncertainty in a very short space of time).

3. Implementation of the above strategy will require institutional backing. We consider it crucial that the government coordinates its various endeavors towards the private sector. We think that the current practice, whereby each ministry sets up a special team or department dealing with the needs of private enterprise, is wholly inappropriate.
4. On the government's side, we would like to see a single competent partner that has the requisite powers of coordination and powers to initiate and guide legislative initiatives that concern the private sector.
5. We consider regional information and education centers to be an essential element of institutional support aiding government initiatives in this sphere. Such centers would provide a full information service on how to form a company and the relevant conditions to be complied with, as well as providing an educational and training service (courses, books).
6. We hope that the private sector, especially small private businesses, will find an appropriate and recognized place in the economic policy of the state.
7. The relevant Sejm and Senate commissions ought to consult with the representatives of our societies on any regulation which concerns the private sector.

8. We consider it crucial that the government elaborates and presents to the Sejm a detailed report on developing the private sector and the present situation of the gray economy.

9. We think that the gray economy should be moved into the official economy as fully as possible. The way to achieve this need not be totally restrictive. We think that the confiscation formula in tax legislation should provide that income from the gray economy might be relieved, provided that it is applied in the official economy.

10. We are pleased to note that there is a project to overhaul our tax system, and we shall present our views on this topic after we have studied the proposals. However, we wish to highlight the necessity of adopting a tax system that would be stable for at least a few years and the provision of honest and competent information by tax offices. Such steps will contribute to society's better understanding of the new solutions.

11. We believe that a strong and unambiguous stimulation of the investment process in the private business sector is crucial and we think that sums designated for investment should be exempted from taxation.

12. We think that all measures should seek to stimulate in the coming 2 to 3 years a wave of new private company formations and in the future ensure stable legal and fiscal conditions for private business enterprise growth.

Union of Employee Ownership Meets in Warsaw

AU0708111590 Warsaw GAZETA WYBORCZA in Polish 1 Aug 90 p 2

["WZ"-signed report: "Employee-Businessmen Want a Different Kind of Privatization"]

[Excerpts] "Every government gives in to public pressure, including the present one. If you organize yourselves, create a movement, it will be possible to amend the privatization laws, or even change them. I am ready to help you in this. Today, employees should acquire ownership rights, just as the peasants acquired land ownership in the nineteenth century," said Senate Marshal Andrzej Stelmachowski during Tuesday's [31 July] meeting of the Union of Employee Ownership at the Warsaw Steelworks. [passage omitted]

So far, directors and self-management boards of 96 enterprises have joined the Union of Employee Ownership. If another four firms join it, it will be possible for the union to register itself as a national organization.

The union intends to establish its own investment bank and an "employee-businessman" training and consultancy center shortly. The organizer is to be Krzysztof Ludwiniak, an American of Polish descent, who is the main proponent of Employee Share Ownership Plans in Poland, and the "spiritual father" of the Union, as well as being one of the heads of the "Employee Share Ownership Plan Service" firm of consultants.

Antigovernment Protests in Oradea, Sapinta 7 Aug

Oradea: 2,000 Demand End to 'Communism'

AU0808094390 Bucharest ROMPRES in English 0741 GMT 8 Aug 90

[Text] Bucharest ROMPRES, 8/8/1990—Almost two thousand people took part yesterday afternoon [7 August] in a meeting organized in the centre of the city of Oradea by the Bihor branch of the Association of Former Political Detainees, of the National Democratic Party, of the Christian and Democratic National Peasants' Party, the National Liberal Party and of the MDUR [Magyar Democratic Union of Romania].

The participants carried placards reading "Down With Communism," "We Demand the Release of Political Detainees," "We Want Justice Not Fake Trials," while those who took the floor criticized the country's leadership.

After the meeting the participants crossed the city in a "march of quiet."

Sapinta Traffic Blocked Over Government Inaction

AU0708145890 Bucharest ROMPRES in English 1114 GMT 7 Aug 90

["Political Life—Sapinta in the Focus Again"—ROMPRES headline]

[Text] Bucharest, ROMPRES, 7/8/1990—Traffic on the national road 19—Sighetu Marmatiei-Negresti—was blocked again in the centre of the Sapinta Village on Tuesday, August 7, about 4.30 a.m.

The initiators said no action had been taken against the former leaders of the village.

Hunger Strikers Demand University Admission

AU0708182490 Bucharest ROMPRES in English 1538 GMT 7 Aug 90

[Text] Bucharest, ROMPRES, 7/8/1990—Sixteen young people who were denied admission to the Academy of Economic Studies, the Faculty of Letters and the Institute of Construction continued Tuesday their hunger strike which started in the evening of 6 August. They demand an extra number of places for the extra mural courses of the faculties where they passed their entrance examination.

Iliescu Meets NDP Leaders at Cotroceni Palace

AU0708150090 Bucharest ROMPRES in English 1016 GMT 7 Aug 90

[Text] Bucharest, ROMPRES, 7/8/1990—Romania's President Ion Iliescu met with leaders of the National Democratic Party at the Cotroceni Palace.

Present were Serghei Mezaros, chairman of the party, Pascu Bogdan, coordinating secretary, Cechea Ioan, deputy chairman, and Dan Mircea Popescu, presidential adviser.

The meeting occasioned the setting forth of the political stand of the National Democratic Party—a technocrat party which promotes centrist ideas characterized by a constructive stand and dialogue.

Aspects related to the government programme of reforms, to the home economic situation and foreign policy were approached during the talks.

Iliescu Meets With Special Interest Group

AU0708182090 Bucharest ROMPRES in English 1632 GMT 7 Aug 90

[Text] Bucharest, ROMPRES, 7/8/1990—President Ion Iliescu met Tuesday with representatives of the Association of the 1989 December Revolution Fighters, Wounded, Invalids and Heirs of the Deceased.

Set up on 15 March 1990, the association is a non-political mutual-aid association. The delegation comprised: Ionel Ilie—the association's president, Mircea Constantin Buga—member of the steering board, Dan Dumitru Stanescu—national secretary. A package of problems confronting the association's about two thousand members around the country was presented to the president of Romania. The problems discussed included medical assistance, social security—particularly money dues and subsidies for basic durables, the amendment of the law entitling people to free medicine, and a reconsideration of the pensions for the victims of the revolution and their heirs.

A proposal was made that the association should engage in productive activities to create jobs and in that way protect its members against economic shocks.

Showing understanding for the problems, President Iliescu assured the delegation of his full support. Two representatives of the association were delegated to sit on the board of administration of the "Libertatea" account. Specific ways were agreed in order to solve the problems of the association.

State Minister Dijmanescu on Economic Issues

AU0708194290 Bucharest ROMPRES in English 1521 GMT 7 Aug 90

["Romanian Reality Is the Basis for the Government Programme"—ROMPRES headline]

[Text] Bucharest, ROMPRES, 7/8/1990—Romanian reality is the basis for the government programme which, however, is open to foreign capital that we welcome to the extent to which it is fair and accepted by specific Romanian partners, says Eugen Dijmarescu, minister of state in charge of economic guidance.

The attraction of domestic capital through the issuance of bonds alongside the foreign capital, is one way of re-equipping the industries at a faster pace, of turning loss making enterprises into profitable units and implicitly of raising the incomes of each working person as a result of economic performance, not of state subsidies or compensations.

Deposits in Romania's savings banks total more than 200 billion lei at present, says Eugen Dijmarescu, and it is reasonable to assume that the population also owns an undisclosed large sum of money in cash which could be used to finance the public deficit by issuing long-term securities.

On privatization, Mr. Dijmarescu thinks it is advisable to start with those economic fields which can operate at a profit and pay off in a short span of time. This move should be paralled by steps in other economic areas which are expected to take essentially the same course when shares are issued to attract the idle capital to the economy and actually become investment capital.

With the growth of the private sector of the economy, banking will develop, the minister showed. The National Bank as a bank issuing notes will eventually split from commercial banks which must credit economic agents.

On the state of the economy by comparison with the beginning of the year, the minister said: Unfortunately, the state of the economy has not changed; what has changed since the start of the year is the transition to the market economy, a process that has begun. However, in terms of economic activity, of economic performance, clearly there has been a turn for the worse. Of course, explanations can be supplied. One would be that for six months the institutional structure has remained unchanged. It was a transition period and the government was not legally entitled to alter the institutional structures. From now on, Eugen Dijmarescu says, things are going to change—but the pace of change will be slow because the resistance put up by bureaucracy is remarkable indeed.

Labor Ministry Meets With Union League

AU0708183590 Bucharest ROMPRES in English 1742 GMT 7 Aug 90

["Social Life—Talks on the Government-Proposed Moratorium"—ROMPRES headline]

[Text] Bucharest, ROMPRES, 7/8/1990—Talks were resumed in Bucharest on 6 August, between the Ministry of Labour and Social Security, and representatives of the Union Leagues, confederations and federations and of independent unions concerning government- proposed moratorium on pay claims.

Catalin Zamfir, minister of labour and social security, summed up the problems raised in the talks which, he suggested, should be continued by a commission formed of the unions' representatives.

This government-unions dialogue is seen as a failure by the press. ADEVARUL notes that "this second attempt at dialogue ended in a more embarrassing failure than the first (30 June) which at least had favoured a better mutual knowledge of the points of view, of the frame of mind of the employees, and a realization of their concern and anxiety for what tomorrow may bring them".

That dialogue was blocked from the outset, says the newspaper, was due first of all to the rift in the union movement, to the intolerance and suspicion prevailing between union centrals on the one hand, and independent leagues, associations and unions on the other hand.

'Fratia' Union Ready To Sign Moratorium

AU0708183990 Bucharest ROMPRES in English 1747 GMT 7 Aug 90

["Social Life—'Fratia's position to Moratorium"—ROMPRES headline]

[Text] Bucharest, ROMPRES, 7/8/1990—The "Fratia" union confederation considers the talks on the government-proposed moratorium closed, their representatives told a press conference Tuesday.

"We consider the talks closed and we are ready to sign the moratorium", Narcis Teodorescu, head of the confederation's steering committee and other leading representatives said, "if our terms are observed' a freeze on the prices of basic consumer goods, basic needs for a decent life fulfilled by the government, consultations with trade union representatives before bills that concern them are enacted, and implementation of the government's proposed programme by all means.

Daily on 'Alarming' Situation in Economy

AU0808093790 Bucharest ROMPRES in English 0837 GMT 8 Aug 90

[Text] Bucharest ROMPRES, 8/8/1990—We witness these day the government's efforts to find immediate and efficient solutions to the grave problems posed by industrial production and also by a strong resistance of lower echelons with which the renewing and democratization process is delayed by the dangerous action of conformism and bureaucracy, writes Constantin Duica in a commentary on the situation of the Romanian economy published in daily "DIMINEATA" under the headline "An Alarming X-Ray."

After mentioning that the results scored in July in the national economy as a whole, in the extractive, metal, machine building, chemical and light industries and in house-building in particular, were unsatisfactory, the author writes that among the causes that have led to this situation are the poor utilization of technical means and work force, the lack of raw materials, the disregard of technological discipline, the bad cooperation between units, the failure to find immediate solutions of updating and re-equipping production processes, to stimulate employees.

The government seems to be aware of the fact that the situation cannot be changed unless departments and enterprise managements fully use their creative resources, writes Constantin Duica.

Among the elements that could contribute to the recovery of the economy the author mentions the rigorous observance of the work week, a perfect horizontal cooperation among industrial units, the observance of export contracts' terms, all the more so as for August and September most of raw materials and energy requirements are met.

Romanian Workers To Be Employed in FRG

AU0808082890 Bucharest NEUER WEG in German 2 Aug 90 p 1

[Text] On Tuesday [31 July], at the Ministry of Trade and Tourism, an agreement was signed between Romania and the FRG on the legal framework that allows Romanian enterprises to send workers to Germany, provided enterprises from both countries agree. Thanks to this agreement, Romanian citizens—some 3,000 people in all—will enjoy the same rights on the job as FRG citizens. The document was signed by Catalin Zamfir, Romanian minister of labor and social security, and by FRG Ambassador Klaus Terfloth. Also present were Constantin Fota, minister of trade and tourism; Napoleon Pop, secretary of state in charge of the foreign trade department; Doru Pana, minister of public works, transport, and physical planning; and Ion Gorita, head of the Europe Directorate in the Foreign Ministry. On behalf of the FRG Embassy, Economic Affairs Counselor Juergen Mertens was also present.

Mr. Catalin Zamfir expressed his pleasure with the agreement, which is important not only for Romania's ties with the FRG, but also for Romania's position within Europe. He thanked Ambassador Klaus Terfloth for the great interest shown in the economic relations between the two countries, which play a part in the reconstruction of a modern and democratic Romania.

Ambassador Klaus Terfloth expressed the hope that this step will be followed by others and emphasized that bilateral relations will give priority to the people's living standard and to economic matters.

In a subsequent news conference, Minister Zamfir said that the importance of the agreement exceeds its economic framework, as our country's workers are offered the possibility of becoming familiar with the economic and political situation in the FRG and of gaining professional experience.

ROK Foreign Minister Continues Visit

AU0708190790 Bucharest ROMPRES in English 1816 GMT 7 Aug 90

[Text] Bucharest, ROMPRES, 7/8/1990—The president of Romania, Ion Iliescu, received Tuesday at Cotroceni Palace, the visiting foreign minister of the Republic of Korea, Choe Ho-chung.

The meeting was an opportunity for a broad exchange of opinions on the growth prospects of friendship and cooperation between the two countries, primarily in the economy. The guest said his country praised and greatly respected the Romanian people's effort on the path of national reconstruction, democratization and economic reform. International problems of common interest were discussed and both parties showed their willingness to contribute to the promotion of cooperation and security world-wide.

Agreement on Investments Signed

AU0708150290 Bucharest ROMPRES in English 0917 GMT 7 Aug 90

[Text] Bucharest, ROMPRES, 7/8/1990—Talks were held in the morning between Choe Ho-chung, foreign minister of the Republic of Korea now on a visit to Bucharest, and Teodor Stolojan, Romania's finance minister.

An agreement on guaranteeing investments was signed between Romania and the Republic of Korea on the occasion.

Talks on Trade, Tourism

AU0708173490 Bucharest ROMPRES in English 1526 GMT 7 Aug 90

["Diplomatic Diary: Choe Ho-chung-Constantin Fota Talks"—ROMPRES headline]

[Text] Bucharest, ROMPRES, 7/8/1990—As part of his visit to Romania, the foreign minister of the Republic of Korea, Choe Ho-chung, met Tuesday with trade and tourism ministry executives. At the end of the talks, the Romanian minister made a brief statement: "It gave us great pleasure to have this visit of an official from a country with a great potential for trade and cooperation and for tourism. The visit marks the conclusion of three basic agreements that will regulate economic, industrial and other relations between our two countries. More specifically, they are a trade agreement which is set on the most-favoured-nation clause and regulates goods exchanges, an agreement on economic, scientific and technical cooperation, and an agreement on promoting and warranting capital investment in the two countries. All are governmental agreements and their provisions put the conditions in place for economic companies and agents to sting end making specific deals. [sentence as received] Actually these discussions have already started. They cover first of all cooperation in electronics and the manufacture of small and compact cars. To us,

these are fields of utmost interest. We can cooperate for the benefit of our citizens, and for export to other markets.

Trade, Technology Agreement Signed

AU0708182290 Bucharest ROMPRES in English 1532 GMT 7 Aug 90

[Text] Bucharest, ROMPRES, 7/8/1990—Romania's Foreign Minister Adrian Nastase, and the foreign minister of the Republic of Korea, Choe Ho-chung, signed Tuesday at an official ceremony in Bucharest, a trade agreement and an agreement on economic, scientific and technical cooperation between the governments of Romania and the Republic of Korea.

"The signing of these agreements symbolizes our common enthusiasm in steering our economic relations along an equitable and mutually beneficial course, said the South Korean guest after the ceremony. [no closing quote marks as received] "It is encouraging to note that a mutual desire to expand economic cooperation enables us to finalize these agreements less than half a year after establishing diplomatic relations last March.

"Given the great potential for trade and economic cooperation, and viewed from the perspective of the complementary nature of our two economies, we have every reason to believe that our bilateral relations will continue to expand in the years to come. I am confident that the accords we signed today will serve as solid foundations for a futher take-off in bilateral cooperation."

For his part, the Romanian foreign minister said: "The signature of the two documents between the Governments of Romania and the Republic of Korea is really a cause for satisfaction. In my opinion the agreements contribute to the creation of a favourable framework for the development and deepening of the economic and commercial links through firms and companies in our two countries, to making the most of the economic potential of Romania and the Republic of Korea, to the prosperity and progress of the Romanian and Korean peoples.

"I trust that through the concerted effort of all factors—governmental and non-governmental—which have a part to play in the implementation of these agreements, we will raise our commercial, economic, technical and scientific exchanges to ever higher levels," the minister stated.

Official Talks End

AU0708174490 Bucharest ROMPRES in English 1529 GMT 7 Aug 90

["Official News: Romanian-Korean Talks End"—ROMPRES headline]

[Text] Bucharest, ROMPRES, 7/8/1990—Official talks between Romanian Foreign Minister Adrian Nastase and the foreign minister of the Republic of Korea, Choe Ho-chung, ended Tuesday in Bucharest.

The two-day talks focused on an exchange of information on the domestic situation in both countries, international issues and the relations between Romania and the Republic of Korea.

The Romanian side outlined the changes caused by the revolution of December 1989, the steps taken for the democratization of the country's political, economic, and social life, as well as the new political structures built in Romania after free and democratic elections were held on 20 May, the government programme for the next two years and in the long run, the main internal developments in the consolidation of power, the effort to overcome the problems, the relations with countries in other parts of the world.

The South Korean side concentrated on the situation in north-east Asia.

Both sides stated their determination to set the bilateral links in all fields on the basis of efficiency for the benefit of both sides.

Romania's Foreign Affairs Minister Adrian Nastase received an invitation for an official visit to the Republic of Korea. The invitation was accepted with pleasure. Its date is yet to be decided.

Nastase Hosts Lunch for ROK Minister

AU0708184390 Bucharest ROMPRES in English 1656 GMT 7 Aug 90

[Text] Bucharest, ROMPRES, 7/8/1990—Romania's foreign affairs minister, Adrian Nastase, gave Tuesday an official luncheon for Choe Ho-chung, minister of foreign affairs of the Republic of Korea. Speeches were made by the two ministers at the luncheon.

"We Koreans deeply admire the Romanian people for their courage and wisdom in implementing democracy and a market-oriented economy", said the Korean foreign minister in his speech.

"Our countries share a common vision and the determination to build a more secure and prosperous world. By normalizing our relations, our two nations are jointly promoting the upcoming era of peace and common prosperity. It is my sincere hope that following these efforts, winds of reform and openness will sweep away the legacy of confrontation and division on the Korean peninsula as well," the Korean minister stressed.

"I am happy to see that our people share a sense of respect for their historic past and their traditions, as well as the wish for a better mutual knowledge and a growing cooperation" said the Romanian foreign minister in his speech.

"On the Korean problem, Romania is in favour of a peaceful unification of the Korean nation, on the basis of

an open and constructive dialogue which should overcome the present problems and misunderstandings, and lead to a Korean consensus on reunification. Romania unreservedly supports all realistic proposals and ideals aimed at national reconciliation on the Korean peninsula."

News Conference Held

AU0708204590 Bucharest ROMPRES in English 1905 GMT 7 Aug 90

["Diplomatic Diary: Nastase-Ho-chung Press Conference"—ROMPRES headline]

[Text] Bucharest, ROMPRES, 7/8/1990—The Romanian and South Korean foreign ministers met with Romanian and foreign journalists at a press conference Tuesday evening.

Showing how happy he was to meet the Romanian and foreign press, the Korean foreign minister said he was very pleased with the results of his first visit to Romania. He exchanged many opinions with the Romanian foreign minister, Adrian Nastase, in a friendly and cordial atmosphere, he went on, and held relevant talks on how the bilateral relations could develop. Adding that they signed three important agreements one on trade, another on economic, scientific and technical cooperation and another on the mutual promotion and protection of investment he said that a solid foundation was set to the future mutually advantageous relationship. One shared idea was that cooperation could develop substantially in such areas as the economy, trade, technology, science, culture and sports said the Korean minister who added that he regarded Romania with respect and was impressed by the cultural level of the Romanian people, by Romanian culture and traditions which he viewed as warranting Romania a future and the success of the reform that had just started.

For his part, the Romanian Foreign Minister Adrian Nastase showed how happy he was to meet the press together with his distinguished guest, the foreign minister of the Republic of Korea, Choe Ho-chung.

Our intensive talks at the Foreign Ministry concentrated on how our cooperative relations could expand, he said.

We believe that the foreign minister's visit is a success, he said. The talks on political topics and the agreements that were made are in harmony with the policy of openness that our two countries promote, he said.

In answer to a question on the future of Romania's relations with the two Koreas, Adrian Nastase said that the maintenance of links with both could help detente in the area. In his turn the South Korean minister reminded of the timetable of inter-Korean meetings and showed that South Korea favoured permanent contacts.

Minister Vatasescu Meets ROK Minister

AU0708190590 Bucharest ROMPRES in English 1814 GMT 7 Aug 90

[Text] Bucharest, ROMPRES, 7/8/1990—Anton Vatasescu, minister of state in charge of industrial and commercial activities, met Tuesday afternoon, Choe Ho-chung, foreign affairs minister of the Republic of Korea, who is paying an official visit to Romania.

Their talk covered the growing relations between Romania and the Republic of Korea, especially in trade, economic and scientific and technical cooperation as well as in the financial and banking sector.

Roman Meets Vranitzky, Others in Vienna

AU0808100790 Bucharest ROMPRES in English 0948 GMT 8 Aug 90

[Text] Bucharest ROMPRES, 8/8/1990—While in Vienna Romanian Premier Petre Roman had an interview with Franz Vranitzky, Austria's chancellor, with whom he approached aspects of the current international situation. They agreed that a delegation of Austrian businessmen pay a visit to Romania to examine possibilities of developing economic exchanges, cooperation in industrial management, marketing and the banking system. Stress was laid on the importance and necessity of contacts and meetings between the parliamentarians of the two countries.

Premier Petre Roman invited Chancellor Franz Vranitzky to pay a visit to Romania.

Mr. Petre Roman also met with Hans-Dietrich Genscher, vice-chancellor and foreign minister of the Federal Republic of Germany. Aspects were surveyed of the Romanian-West German relations. Vice-Chancellor Genscher renewed the invitation extended to the Romanian prime minister on behalf of the West German Government to pay a visit to the Federal Republic of Germany.

The interview with Roland Dumas, France's foreign affairs minister, was an opportunity to discuss questions related to the economic and political cooperation between Romania and France.

The Romanian prime minister had brief interviews with Willy Brandt, president of the Socialist International, and with Peter Jankowitsch, chairman of the Foreign Policy Commission of the Austrian parliament.

Iliescu Congratulates Hungarian President

AU0708181890 Bucharest ROMPRES in English 1636 GMT 7 Aug 90

[Text] Bucharest, ROMPRES, 7/8/1990—The president of Romania, Ion Iliescu, sent a congratulatory telegram to Arpad Goncz on his election to the presidency of the Republic of Hungary wishing him success in office.

In the new political conditions in Romania and the Republic of Hungary, the telegram says, relations between our two countries can develop in all fields of activity on the basis of respect for the generally accepted rules of conduct among states, for the good of the Romanian people and of the Hungarian people, in the interest of peace, security and cooperation in Europe.

Prime Minister Roman Attends Kreisky's Funeral

AU0708182990 Bucharest ROMPRES in English 1802 GMT 7 Aug 90

[Text] Bucharest, ROMPRES, 7/8/1990—Attending the funeral of former Austrian Chancellor Bruno Kreisky which brought more than 1,500 Austrian and world statesmen, was Romanian Prime Minister Petre Roman, along with the Spanish, Swedish, Czechoslovak, Italian, and Liechtenstein heads of government.

Condolences for Austria's Chancellor Kreisky

AU0708183190 Bucharest ROMPRES in English 1637 GMT 7 Aug 90

[Text] Bucharest, ROMPRES, 7/8/1990—A delegation comprised of Eugen Dijmarescu, minister of state in charge of economic guidance, Constantin Fota, minister of trade and tourism, and Constantin Ene, deputy minister of foreign affairs, signed a book of condolences at the Bucharest Embassy of the Republic of Austria on the death of the former federal chancellor Bruno Kreisky.

Loncar, Bozer Discuss Iraqi Crisis in Turkey

Danger of Using Force Stressed

LD0708150690 Belgrade TANJUG Domestic Service in Serbo-Croatian 1044 GMT 7 Aug 90

[Text] Ankara, 7 Aug (TANJUG)—It would be undesirable and dangerous to use military force in order to annul the consequences of the Iraqi intervention in Kuwait, and to attempt to resolve the continuing crisis in the Middle East in such a manner. Yugoslav and Turkish Foreign Ministers Budimir Loncar and Ali Bozer stated today in Ankara. The use of military force could, Loncar and Bozer hold, have a strong impact on stability and lead to a further deepening of the crisis in the region.

Loncar and Bozer today supported the latest resolution passed by the UN Security Council, which approved an economic embargo against Iraq. Both sides expressed hope that this will prove to be a step toward a negotiated settlement.

At the end of his two-day visit, Budimir Loncar, federal secretary for foreign affairs, will meet Turkish President Turgul Ozal, and he is scheduled to meet with Prime Minister Yildirim Akbulut today.

UN Measures 'Will Produce Results'

LD0708181690 Belgrade TANJUG Domestic Service in Serbo-Croatian 1728 GMT 7 Aug 90

[Text] Ankara, 7 Aug (TANJUG)—At the end of his two-day visit to Turkey, Federal Secretary for Foreign Affairs Budimir Loncar met with Turkish President Turgut Ozal in Ankara today.

Both sides agreed that under new, altered conditions for European and Balkan cooperation, the relations between Yugoslavia and Turkey have assumed new qualities and have been conducive to continual political dialogue between the two countries. The need was also stressed for developing economic cooperation in light of the primarily natural potential of turkey's new position in the Eurasian region.

President Ozal expressed particular interest in economic and political reforms in Yugoslavia, which were the subject of Budimijr Loncar's detailed report.

Loncar and Ozal supported the UN Security Council resolution on Iraq's aggression against Kuwait. Both sides firmly believe that the UN measures will produce results and that, probably, no military action will be necessary. In view of possible future effects, Turkey expressed particular concern at its strong economic links with the countries of the Near East. Iraq alone owes Turkey about $1 billion.

Budimir Loncar also had a meeting with Turkish Prime Minister Yildirim Akubult. Both governments expressed readiness to step up cooperation in the Balkans as a prerequisite for stability in this part of the world. Reference was also made to the status of national minorities.

According to Federal Foreign Affairs Secretary Budimir Loncar, his two-day visit to Turkey has been exceptionally successful and useful. In his view it has opened up completely new prospects for comprehensive cooperation and joint ventures, and this, in the newly created situation in Europe and the world, provides grounds for stability which go beyond the sole interests of these two countries.

Special Group Created To Monitor Gulf 'Crisis'

LD0708180290 Belgrade TANJUG in English 1732 GMT 7 Aug 90

[Text] Belgrade, 7 Aug (TANJUG)—The Yugoslav Government, most profoundly concerned about the developments in the Gulf after Iraq's aggression on Kuwait, has formed a special group to monitor all aspects of the crisis—Deputy Federal Secretary for Foreign Affairs Milivoje Maksic told a session of the Yugoslav Assembly's foreign policy committee today.

Concerning Iraq's aggression, said Maksic, not one chance would be missed either of meeting Yugoslavia's interests or of Yugoslavia's responding to its duties both in the capacity of chairman of the nonaligned movement and as a country active in international relations.

The Yugoslav deputy foreign minister recalled that as chairman of the nonaligned movement, Yugoslavia had reacted immediately and in a principled way to Iraq's aggression on Kuwait, demanding the immediate withdrawal of Iraq's troops and the respect of the sovereignty of Kuwait and its legitimate government.

Yugoslavia's approach and stands towards the crisis have been accepted by the nonaligned coordination bureau and the Arab League, Maksic said, adding that the organization of Islamic countries [as received] has also expressed similar views.

Maksic underlined that the government—guided by the need to do all to have broader-based and Yugoslav interests conformed while respecting international obligations—would review the situation in connection with last night's U.N. Security Council resolution on sanctions against Iraq.

The Yugoslav Foreign Ministry today announced that Yugoslavia's permanent representative to the United Nations Dragoslav Pejic informed U.N. Secretary General Javier Perez de Cuellar of the actions which Yugoslavia, as chairman of the nonaligned [movement], has taken in connection with Iraq's aggression on Kuwait.

Perez de Cuellar highly recognized the efforts of Yugoslavia and the nonaligned movement towards overcoming the crisis.

Markovic's Call for Reform Alliance Discussed

Deemed 'Last Chance' for 'Salvation'

AU0708143290 Sarajevo OSLOBODJENJE in Serbo-Croatian 31 Jul 90 p 1

[Gojko Beric commentary: "At the End of the Tunnel"]

[Text] Can the Yugoslav people rid themselves of the common Bolshevik state without, however, breaking up Yugoslavia? The more than obvious mood of the 100,000 people whom Ante Markovic addressed in Kozara on Sunday [29 July] does not, however, represent a political sample on the basis of which this question could be answered with the desired precision. On the other hand, only politically blind people, poisoned with hatred for everything that is Yugoslav, could ignore the national, social, and age diversity of the mass of 100,000 souls who, with recognizable emotions, offered support for Markovic's economic and political project.

By making public the decision to set up an alliance of reform forces in Yugoslavia, the prime minister announced the creation of a completely new philosophy of common existence, based on full democracy and the establishment of a system of individual and social values stripped of ideology and resistant to possible destructive assaults by one or another party in power. He did not explain the economic reform program because it is well known, but he reiterated the conviction, voiced earlier, that only the government's project could become the new historic cement that would bind the common interests of the belligerent Yugoslav republics, giving them broad opportunities to demonstrate their own sovereignty.

Markovic sees the new Yugoslav-oriented political movement as an alliance of all the political parties "who wish this country well." Regarding the "real" supporters of the government's party, they will, to judge by everything, consist primarily of those citizens who have not yet joined any of the nationally homogenized parties, whether because emotionally they cannot imagine life outside Yugoslavia or because their own economic, social, and political arithmetic leads them to the conclusion that a common state is nevertheless the best solution for everyone. The elections in Slovenia, and particularly in Croatia, showed that a large number of voters did not vote because they did not want to decide in favor of either the Communists or the radical national programs. Markovic has now offered them an attractive alternative, persuading them that they hold their fate in their own hands.

The prime minister's latest move will provoke different reactions. His program of economic reform has already been subjected to challenges and attacks from different sides, in which respect some people see it as an economic conspiracy and others as a political move and fear the establishment of a "new Yugoslavism." By setting up an alliance of reform forces, this fear will, objectively speaking, even be increased by the very fact that nationally homogenized parties and their coalitions could eventually crumble. Despite the nationalist hullabaloo, generously fueled by the media, people nevertheless perceive that one cannot live off nationalism and its tacky symbols, but only from one's own labor.

Markovic has offered the last chance for Yugoslavia's salvation, based on a simple existential rule: The person who first of all feeds the hungry will find the light at the end of the tunnel! However, the problem lies in the fact that the belligerent Yugoslav tribes can go for a long time without bread, while they find hunger for nationalism more difficult to bear. If even at this crucial, historic moment, their reason nevertheless fails to prevail over their evil passions, these tribes do not even deserve any better fate than the one that will, in this case, certainly befall them.

Creation 'Separated' From State Activity

AU0808074190 Belgrade BORBA in Serbo-Croatian 4-5 Jul 90 p 11

[Unattributed TANJUG report: "The State is Not Hampered"]

[Text] Belgrade—The Federal Executive Council [FEC] has not set up its own party, and as a state organ it cannot do this, but the initiative for creating an alliance of reform forces in Yugoslavia has come from some members of the government, as citizens. This was told to journalists yesterday by Zoran Miskovic, secretary general of the FEC. He stressed that all tasks connected with setting up the alliance have been completely separated from regular state functions. The Secretary General of the FEC recalled that party organization in state administrative organs had been prohibited and this ban also holds for those in charge of the administrative organs who cannot occupy political posts in any party. He specified at the same time that, akin to parliamentary experience throughout the world, this ban does not concern elected political officials.

Macedonian Group Wants Independence, Sovereignty

AU0708201790 Belgrade BORBA in Serbo-Croatian 3 Aug 90 p 3

[Unattributed report: "Movement for All Macedonian Action Manifesto on Sovereign Macedonia"]

[Text] Skopje—In front of Goce Delcev's tomb in the Holy Salvation Church in Skopje yesterday, the Movement for All-Macedonian Action [MAAK] published a manifesto on the free, independent, and sovereign state of Macedonia. It explained that under the conditions when AVNOJ [Anti-Fascist Council of National Liberation of Yugoslavia] Yugoslavia is exhausting itself, nothing is left for the Macedonian people to decide, except for state independence.

Macedonia needs the status of independent sovereign statehood, by which it will gain the attribute of a modern nation in the European style, the MAAK manifesto says.

This organization will struggle for a Yugoslavia of united, independent, and sovereign states, ready to negotiate which part of its state sovereignty it will transfer to the jointly chosen form of their association. In MAAK's opinion, this is not self-isolation, but the most logical and historically the only justifiable choice, the manifesto states.

Macedonia: Federal SFRY 'Comprehended' as 'Dead'

AU0808080590 Ljubljana NEODVISNI DNEVNIK in Slovene 4 Aug 90 p 5

[Todor Pendarov article: "Skopje Letter: Is Macedonia Merely Southern Serbia?"]

[Text] The events on 2 August at Prohor Pcinski Monastery have shown once again that for the Serbian authorities, the Macedonian question does not exist. This means that the Serbian Academy Memorandum, which clearly states that the Macedonian people do not exist or rather that Macedonia is southern Serbia, which was separated from great Serbia under pressure from the Comintern and the Vatican, has become a part of official Serbian policy. How to implement this policy? Simply, if not by fair means, then by foul deeds.

At Prohor Pcinski Monastery on 2 August, there were about 200 Serbian militiamen, a police helicopter, and a water cannon, there was the second in command of the Serbia police, there were representatives of Serbian authorities, and they could not prevent Vojislav Seselj and his Chetniks from removing with mattocks a memorial plaque inscribed in Macedonian to the effect that the first session of the Antifascist Council of National Liberation of Macedonia had its first session there in 1944. Therefore, the Serbian militiamen beat up the Macedonians who were present, although they did not do anything but merely carry the Macedonian flag and bear the usual badges inscribed with the name of Macedonia. Both old and young, men and women were beaten up. Serbian politicians have publicly stated that they did not use force, but television cameras and official medical reports clearly showed police cruelty. This was done by a state that claims to be democratic. A party that claims to be socialist and swears by human rights is in power in this state. The fact that the same state, in the name of the Serbian crown in the distant year 1918, with some 14,000 gendarmes unsuccessfully tried to pacify the Macedonian people in the Vardar Banovina, is still present in the Macedonians' memory.

The question is now forced upon us as to how it is possible that Milosevic and other Serbian rulers can run riot all over Yugoslavia, undermine lawful authorities, or demand meetings of truth, all in the name of some imaginary Yugoslavia, behind which there lurks their aim of a greater Serbia. When somebody else quietly, and without intention to overthrow the Serbian authorities, expresses his nationalist feelings, then they respond with rubber truncheons. The incident at Prohor Pcinski Monastery—which is indeed now in the territory of Serbia, although it was joined to Serbia by an administrative decree as late as 1947—has its positive side. What I have in mind is that the official Macedonian policy has finally comprehended that federal Yugoslavia is indeed dead. The most important thing for the Macedonian people now is to establish their own independent sovereign state, with which it would ensure for itself a truly equal position in the future negotiations within or without Yugoslavia.

Croatian Serbs Set To Hold Autonomy Referendum

LD0708151190 Belgrade TANJUG Domestic Service in Serbo-Croatian 1315 GMT 7 Aug 90

[Text] Knin, 7 Aug (TANJUG)—Despite a recent ban by the Ministry for Administration and Justice of the Republic of Croatia, a referendum on the autonomy of Serbs in Croatia will be held. A proclamation was published here today by a central commission for organizing the referendum, which states that the referendum on autonomy for the Serbs will be held from 19 August to 2 September this year.

According to the proclamation, the entire Serbian population over 18 living within the boundaries of the Republic of Croatia and all members of the Serbian nation over 18 born in Croatia, but not living within the borders of the Republic of Croatia, have the right to take part in the referendum.

The proclamation also said that citizens are entitled to Croatian citizenship on the basis of the origin of their parents, if they are born on the territory of this republic, or if they have taken on the citizenship of the Republic of Croatia.

Internal Affairs Secretary Speaks in Montenegro

Task of Defending National 'Integrity'

LD0708154190 Belgrade TANJUG Domestic Service in Serbo-Croatian 1232 GMT 7 Aug 90

[Text] Titograd, 7 Aug (TANJUG)—Significant steps have already been made toward full democratization of our social life, but in the course of it forces and ideas have appeared on the public scene which we can by no means accept or be reconciled with. As a result, the internal affairs organs are faced with the task in line with their legal powers to protect the constitutional order and, by implication, the country's integrity and independence, its federal system, citizens' freedom, their personal safety, and the safety of their property, Petar Gracanin, federal secretary for internal affairs, said in Titograd today when addressing top officials of the Montenegro Internal Affairs Secretariat.

The following is the full text of the statement on Gracanin's working visit to the Montenegro Internal Affairs Secretariat:

"Petar Gracanin, member of the Federal Executive Council and the federal secretary for internal affairs, today paid a working visit to the Montenegro Internal Affairs Secretariat. Speaking to top officials of this secretariat about current security situation in the country and tasks facing the internal affairs organs, the federal secretary described the situation as very complex and difficult. Significant steps have been made toward full democratization of our social life, but in the process forces and ideas which we can by no means accept or be reconciled with have appeared on the public scene. This primarily refers to the widespread forms of nationalism throughout the country. Albanian separatism—not to mention other nationalisms—continues to be a serious security threat throughout Yugoslavia. This has been felt considerably in Montenegrin territory. In addition, there is also evidence of ideas propagated by forces defeated in World War II—the Ustashas, Chetniks, Ballists, the White Guard, fundamentalists, separatists, and so forth.

"Their main objective is to destroy the Yugoslav community, to sow hatred among our nations and nationalities, and to attack and question all our values and achievements. Neither our defense system nor the country's security has been spared

"Of course, Gracanin stressed, our lasting commitment is for more democratization, but this in no way means that we can allow such and similar activities to escalate. In other words, society as a whole must resort to all legal measures to suppress the activity of these forces which, despite their attempt to invoke democracy, have nothing to do with progress. For them democracy is only a smokescreen.

"In light of this, the internal affairs organs have the task and the duty, in line with their legal powers, to protect the constitutional order and, by implication, the country's integrity, its independence, its federal system, and to safeguard citizens' freedom and their personal safety, and the safety of their property. The current security situation calls for a high degree of unity among security organs and services in the country in the light of their responsibility for the country's security and for the implementation of Yugoslav laws in this sphere. This responsibility is to be borne by all internal affairs organs including the Federal Secretariat which, in line with its competence and powers, has been taking appropriate measures and activities to preserve the unity of action and functioning of these organs. This unity is of common interest for all our republics and provinces.

"However, the federal secretary stressed, it must not be forgotten that the real powers of the internal affairs organs in the republics and the provinces are great. Their responsibility is of particular importance in safeguarding public peace and order, and citizens' personal safety and in countering all those forces intent on undermining the constitutional order, etc. For instance, we must thwart plans by extremist terrorist emigres who have been planning to return to the country. Such individuals have nothing to look for in our country since their main goal is to destroy it in the most brutal way.

"Parallel with an economic and social reform, significant activities are underway in transforming the internal affairs organs with the aim of making their operations more coordinated and efficient throughout the country. Until all these changes have been completed it is necessary to adhere to our Yugoslav orientations.

"It is evident that some have not been behaving thus, and they must realize that security resources are not limitless, and that in view of this it is necesary to intensify cooperation among all security services in the country as well as interrepublic cooperation and joint efforts in the sphere of security. It is imperative to halt all those activities which clash with these orientations. It should not be forgotten that such activities are not provided for by the existing normative document, the federal secretary said.

"Pavle Bulatovic, Montenegro's internal affairs secretary, noted that the security situation in this republic is no different from the situation in the country as whole. Montenegro's internal affairs organs have been focusing their activities on ensuring a peaceful tourist season.

"During his visit to Montenegro the federal secretary also toured Niksic and Bar," the statement says in conclusion.

Democratization 'Lasting Commitment'

LD0708155490 Belgrade TANJUG in English 1422 GMT 7 Aug 90

[Text] Belgrade, 7 Aug (TANJUG)—Democratization is Yugoslavia's lasting commitment, but that in no case means that the upsurge of nationalist forces, which use democracy only as a screen, will be permitted, as Yugoslav Interior Minister Petar Gracanin said today in a talks with officials of the Interior Ministry of the Yugoslav Republic of Montenegro.

Gracanin cautioned that the separatism of ethnic Albanians in the province of Kosovo was still a very serious problem in Yugoslavia.

"We must prevent the carrying out of the plans of ultra-extremist terrorist emigres, who plan to come to Yugoslavia, among other things," the interior minister set out.

Bosnia-Hercegovina Local Elections Scheduled

LD0708120690 Belgrade TANJUG Domestic Service in Serbo-Croatian 0820 GMT 7 Aug 90

[Text] Sarajevo, 7 Aug (TANJUG)—Zlatan Karavdic, president of the Bosnia-Hercegovina Assembly, announced today that elections for deputies in municipal

Assemblies and the Sarajevo Assembly, and for representatives in the republican Assembly, would take place on Sunday, 18 November of this year, at which time members of the republican Presidency also will be elected.

For the Bosnia-Hercegovina Assembly and its organs, since it is a nonparty institution, it is most important to preserve the stability of intranational and political relations during the preelection and election campaigns and see that democracy wins on 18 November. The political parties—about 20 have been registered so far in Bosnia-Hercegovina —are expected to behave responsibly and adhere to the prescribed rules, stressed Zlatan Karavdic, president of the republican Assembly, during his meeting with journalists. He added that the public media played a very important role in this regard.

Daily Views Army's Political Role, Attitudes

AU0708135890 Zagreb VECERNJI LIST in Serbo-Croatian 31 Jul 90 p 2

[Vjekoslav Krsnik commentary: "Two Generals—Two Opinions"]

[Text] Even though with the climax of domestic political conflicts following Tito's death it has constantly hung in the air and provoked fear for the spread of democratic processes in the country, intervention by the Army has been mentioned as one of the possible solutions for the Yugoslav constitutional and interethnic crisis. On the other hand, as a classic structure of society with the most conservative political views, the Army has until today rarely expressed its opinion publicly, even though it has definitely demonstrated and is demonstrating its political orientation. It is not accidental that a Committee for the Organization of the League of Communists of Yugoslavia has existed in the Yugoslav People's Army, even though everyone knows that the League of Communists of Yugoslavia has definitely and irreversibly fallen apart. This evident and substantive devotion of the Army to a single-party monopoly has obviously been demonstrated at the eye-opening news conferences with Vuk Obradovic, spokesman for the Federal Secretariat for National Defense.

However, it is difficult to discern what the generals think and what the whole force of senior military personnel—which, according to the principle of subordination, do not have the opportunity to speak in public but only carry out orders—think about the Yugoslav crisis. An indirect way of finding out what military circles think about the Yugoslav crisis is through occasional statements by high-ranking, newly retired, officers. Even though they are in some way linked to the military structure they nevertheless have more freedom to speak in public. Thus, Admiral Sveto Letica at one time came out publicly against the behavior of Nikola Ljubicic, long-time federal secretary and army general, and was then very quickly silenced for his openness. Two retired generals have again made recent public statements, Stevan Mirkovic, former chief of staff, and Martin Spegelj, former commander of the Zagreb military district.

Retired lieutenant general Stevan Mirkovic, who was clearly promoted on the pages of POLITIKA publications until his retirement, has remained faithful to the views which had ensured such treatment for him. In an interview with POLITIKA EKSPRES he says: "I can repeat what the army leadership has said—that the Yugoslav People's Army will not allow Yugoslavia to break into pieces. A soldier does not just say that he would scare someone but he means it too. [sentence as received] It would be good if some so-called politicians were to understand this. The SFRY Presidency still has the chance to halt the processes of disintegration.... It would be catastrophic for Yugoslavia if members of the Presidency were to make decisions as representatives of their republics and not as members of the SFRY Presidency: A member of the Presidency who does not vote according to his conscience and in the interest of Yugoslavia, but rather how his republic dictates, should not be occupying this post."

It is quite clear what solution retired Lieutenant General Stevan Mirkovic advocates. It is Yugoslavia according to the dictate of the popular majority, that is to say, a Yugoslavia which would actually represent a greater Serbia. One should be quite apprehensive about his claims that "the Yugoslav People's Army will not allow Yugoslavia to break into pieces" and that "a soldier does not just say that he would scare someone but means it too" because he was chief of the general staff only a year or two ago, at the height of Milosevic's campaign to achieve power in Yugoslavia. Stevan Mirkovic's thoughts are identical to those of South American generals because in the democratic community, which we have been aspiring to represent according to the 1974 Constitution, the Yugoslav People's Army has nothing to permit or not permit but is in the service of the state and the people. Likewise, a soldier has nothing to say but he should carry out orders and we know who the supreme command is in this country. Really, to paraphrase the general who is making threats, it would be catastrophic for Yugoslavia if generals were to think like sympathizers of one policy or another, and not think like government employees. A general who does not meet this basic condition does not even deserve to receive the stars of a general. His basic duty is to defend the country, so he should leave politics to politicians, even though this may involve political hacks. The people, as individuals and not participants at rallies, are the ones who will decide on this. Stevan Mirkovic can, of course, also decide on this in such a way, without his uniform.

Retired general, Martin Spegelj, showed in an interview with NEDELJNA DALMACIJA that not everyone in the army leadership thinks like Lieutenant General Stevan Mirkovic. He said: "I think that to stress that the Armed Forces in this country protect the Constitution is a politically incorrect attitude. The people are the protectors of a state's Constitution. Well, I know all the ways

that the people are invoked and manipulated but this is nevertheless true. The Army is one of the sectors of state organization, and this organization is the task of the Constitution. Therefore it is abnormal that the Constitution is protected by something that it organizes.... Armed intervention in the country to protect the legal order is out of the question particularly because the processes establishing a multiparty system are taking place relatively peacefully. I even think that there are few conflicts compared to what was expected. Everything is going normally."

Thus, while Lieutenant General Martin Spegelj gives quite a reasonable view of the role of the Army in the present political circumstances, his colleague of the same rank, Stevan Mirkovic would take matters into his own hands. Clearly these two concepts exist in the Yugoslav People's Army and are probably widespread and that all elements of the political crisis from civilian life come to a head in the Yugoslav People's Army. In this sense, it is necessary to also de-mythologize the Army and democratize it in such a way that, without of course touching the limiting specificities of the Army, democracy helps problems to be resolved on the public stage in a democratic way, problems which have so far been the sole preserve of the privileged occupants of offices and even military offices.

Markovic's Alleged Election 'Advantages' Viewed

AU0708174990 Skopje NOVA MAKEDONIJA in Macedonian 31 Jul 90 p 3

[Vlado Mokrov commentary: "The Winner Is Known?"]

[Text] Ante Markovic does not make jokes, and even when he does, he is serious. And he showed that he keeps his word when—after the adoption of the law regulating the formation of political parties at the federal level—he carried out a certain promotion of his Alliance of Reform Forces without harboring any doubts about its victory in the coming elections. Therefore, the number one Yugoslav politician—according to the most recent opinion poll—has once again fulfilled the promise he made to the Yugoslav people that are so much divided by national policies. This proved that his government is one of the last integrational factors in this country.

What is it that makes Markovic a great favorite in the electoral race and which makes him believe (almost without any doubt) in his victory?

First, there is the fact that no politician in Yugoslavia enjoys such support and confidence among all its people. That confidence has not been built through demagogic slogans and empty promises, but is based on results—to many people unbelievable—that Markovic's government has made achievements in a very short time by doing things that until only a short time ago seemed impossible. Above all, his government brought down an enormously high inflation rate, creating large foreign exchange reserves, achieved convertibility of the dinar, and the like. The other, perhaps equally important, thing to do with elections is the fact that this party, that is, this alliance, which can in fact be considered to have already been born, is the only political force in the country to have a proven economic program which, in the modern world of democracy, is more important than invoking emotions (primarily national ones, as is the case in our country) and irrationality. Moreover, this program is the only one compatible (Markovic's expression) with the trends in our country and with those in the developed part of the world, the way to build the future upon a rather rigid economic policy and a political system to go with it.

This is where this other, international support that the Yugoslav premier enjoys originates—it should not be neglected in the battle for voters and votes— which can sometimes be read between the lines and sometimes openly in the first reactions from abroad to the announcement of the said alliance. One should assume that, after all, this support is not only verbal, considering the great confidence Markovic's program enjoys among international monetary institutions whose views on economic development do not at all disagree with that program. In the future, such confidence will certainly depend on the ability to continue reform operations which can become complete only if the government wins the elections. This is something which is not without importance in the preelection campaign that Markovic has in fact already begun with the large people's rally on Mount Kozara.

Markovic was aware of having opponents even before and now is perhaps even more aware. They are, above all, opponents among ruling national politicians, who have not changed essentially (at least not in general) even in those republics that have already had multiparty elections. One can still expect some opposition to the government's reforms and a particularly strong one on the part of politicians, considering the fact that reforming the economy, along with the society in general, automatically means pulling the carpet out from under those people who have been building their authority and power upon the former relations and above all on social property, as essentially a relationship without an owner subjected everywhere and all the time to various forms of misuse.

However, that very fact can have crucial importance for the rallying of many of those political forces which are in favor of changes in the quality of social relations, as well as for voters' support for Markovic's alliance, something which would open wide the road to his victory. After all, Markovic has promised that he will win, and, as has already been said, he is not the kind of man who does not fulfill his promises. That, as we remember, could be seen in everything that happened during this one-and-a-half-year period he has been at the head of the Yugoslav Government. And it represents these psychological and other advantages that he has achieved in relation to his possible opposition candidates.

Vojvodina Wants End to Law on Tito's Name, Image

LD0708153190 Belgrade TANJUG Domestic Service in Serbo-Croatian 1026 GMT 7 Aug 90

[Text] Belgrade, 7 Aug (TANJUG)—The assembly of the Socialist Autonomous Province of Vojvodina today submitted to the SFRY Assembly's Federal Chamber a request for a law to abolish the law on the use of the name and the image of Josip Broz Tito.

The attached explanation says that the name or the image of any historical personality cannot be protected by law and that the appraisal of Josip Broz' role should be left to history and the professional and scientific work of historians.

The above law is not in line with the recently adopted democratic principle providing for full equality of all citizens before the law.

Inquiry Into Origin of Monastery Demanded

AU0708185590 Belgrade BORBA in Serbo-Croatian 6 Aug 90 p 14

[Unattributed report: "'Nationality' of the Prohor Pcinjski Monastery Should Be Established"]

[Text] Skopje—The Committee of the Macedonian Cultural Workers has demanded that the Assembly and the Executive Council of Macedonia immediately initiate proceedings before the Supreme Court of Yugoslavia, or some other body responsible for such disputes, and establish which people own the Prohor Pcinjski Monastery. At the same time, the committee demands that, if this cannot be established by any of the existing Yugoslav institutions, the issue be brought before the Hague or the Russel Tribunal.

Leader of Muslim Party Opposes Force, Violence

AU0708112490 Belgrade BORBA in Serbo-Croatian 1 Aug 90 p 2

[Report on interview with Alija Izetbegovic, leader of the Party of Democratic Action, by Maristela Lucic; place and date not given : "We Will Demand What Serbs in Croatia Demand"]

[Excerpts] Sarajevo—The Party of Democratic Action, or "the Muslim Party," was registered in Bosnia-Hercegovina and is now, at the time of election campaigns, founding branches in numerous communes. According to newspaper reports, the party is doing this successfully and its membership, as its leadership claims, is increasing all the time. The party will also operate outside Bosnia-Hercegovina. At the end of last week the Party of Democratic Action held a founding assembly of its branch for the Sandzak area.

The news that the party will strive for the cultural autonomy of the Sandzak Muslims drew everybody's attention. The program declaration of the party also states this: "We demand cultural, educational autonomy for the Muslim population of the Sandzak."

We asked Alija Izetbegovic, leader of the Party of Democratic Action, to explain this demand to us in detail, and how this will be achieved.

[Izetbegovic] In brief, the Muslims in Serbia demand everything Serbs in Croatia demand. Nothing more or less. We only think that the Serbs are in a more favorable position to demand their cultural autonomy. We will go along the established path and will demand for the Muslims in the Sandzak everything the Serbs consider as cultural autonomy. We even hold the view that this should not be a subject of a special demand because we think that the existing Constitution guarantees something similar, although this is not defined in full.

Therefore, one could equate Raskovic's demands for cultural autonomy in Croatia and what we demand in the Sandzak. True, this demand has not been formulated yet, but I think that during the talk between Raskovic and Tudjman, Raskovic was asked to submit a plan of such autonomy.

[Lucic] How will your party achieve this, especially in light of the fact that we are talking about the Muslim population in the Sandzak, that is, outside Bosnia-Hercegovina?

[Izetbegovic] In principle and in advance, we renounce any force or violence while in pursuit of our demands. Everything we want to achieve will be achieved through the so-called force of political influence. We think that we will form a strong party in Bosnia-Hercegovina which will have strong political influence. By this we mean the force of organized people who will be exerting pressure on the authority in every legitimate way possible, including the ultimate measure of civil disobedience. [passage omitted]

Regarding politics, we do not have any special demands. We will have special demands only if Serbia and Montenegro decide to merge. In that case we will raise the question of the political autonomy of the Sandzak. However, I do not think that the conditions or need for this exist. They do exist with regard to the rights to cultural identity and the specific character of the people, and I hope that we will secure this without any difficulties. [passage omitted]

[Lucic] Let us now talk about emigration from the Sandzak. At the recent founding of the Republican Party, Fuad Muhic claimed that an anti-Muslim campaign was conducted in the Sandzak and that the people were emigrating to Bosnia-Hercegovina. They are on the other hand blamed for forcing Serbs and Montenegrins to emigrate. What can you say about this?

[Izetbegovic] This was also mentioned at the meeting of this party in Novi Pazar. This is something we have learned about from the people who live in that area. They say that Serbs are also emigrating, mainly for

economic reasons, and that the Muslims are emigrating for political reasons. There are also some Muslims who are emigrating for economic reasons, but the feeling of being threatened exists among the Muslims, not the Serbs. There is no reason for them to feel threatened because the Serbs are in power. Who could then be driving them out of there? [passage omitted]

Four All-Yugoslav Parties Apply for Registration

LD0708124190 Belgrade TANJUG Domestic Service in Serbo-Croatian 1056 GMT 7 Aug 90

[Text] Belgrade, 7 Aug (TANJUG)—The Federal Secretariat for Justice and Administration today received four applications for inclusion in the Register of Yugoslav Associations and Social and Political Organizations. The applications were submitted by the Yugoslav Social Democratic Party based in Belgrade, the Muslim Democratic Party based in Koper, the Alliance of Freelance Artists (Belgrade) and the Alliance of Yugoslav Free Trade Unions—the trade union for workers in federal organs and organizations (Belgrade).

In accordance with the recently adopted law on organizations formed on the entire territory of Yugoslavia, the Federal Secretariat for Justice and Administration is bound to make a decision within 15 days of the receipt of applications for registration. In order for this to be done the parties are also expected to submit a founding certificate and a statute, while political parties, in addition, have to enclose their program or a general program orientation.

'Party of Yugoslavs' Membership Said 500,000

LD0708165490 Belgrade TANJUG in English 1517 GMT 7 Aug 90

[Text] Zagreb, 7 Aug (TANJUG)—The Zagreb-based Party of Yugoslavs, founded early this year, has so far been joined by over half a million members, as party officials told a press conference today.

The Party of Yugoslavs, which rallies citizens who declare themselves to be of Yugoslav nationality and also members of all Yugoslav nations and nationalities, has thus become one of the largest parties in the country.

The party fully supports Prime Minister Ante Markovic's Alliance of Reformist Forces, feeling that it offers the best economic programme for the country as a whole. The Party of Yugoslavs calls for a multi-party, democratic and federal Yugoslavia and Yugoslavia's integration into European regions.

The leadership of the Party of Yugoslavs has warned against the phenomena of "unitary croatism" phenomena "which tend to turn into a new form of totalitarianism of the ruling party in Croatia," the Croatian Democratic Union (CDU). It, however, at the same time, opposes the creation of a Province of Serbs in Croatia.

The Party of Yugoslavs firmly stresses that the troubled province of Kosovo, where ethnic-Albanian separatists are active, is an inseparable part of the territory of the Republic of Serbia, but it urges that all issues in Kosovo, itself, be resolved by democratic means, that is, through a dialogue between the legal representatives of the Albanian nationality and the Republic of Serbia.